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THE MASTERMIND OF
THE LONDON BOMBINGS

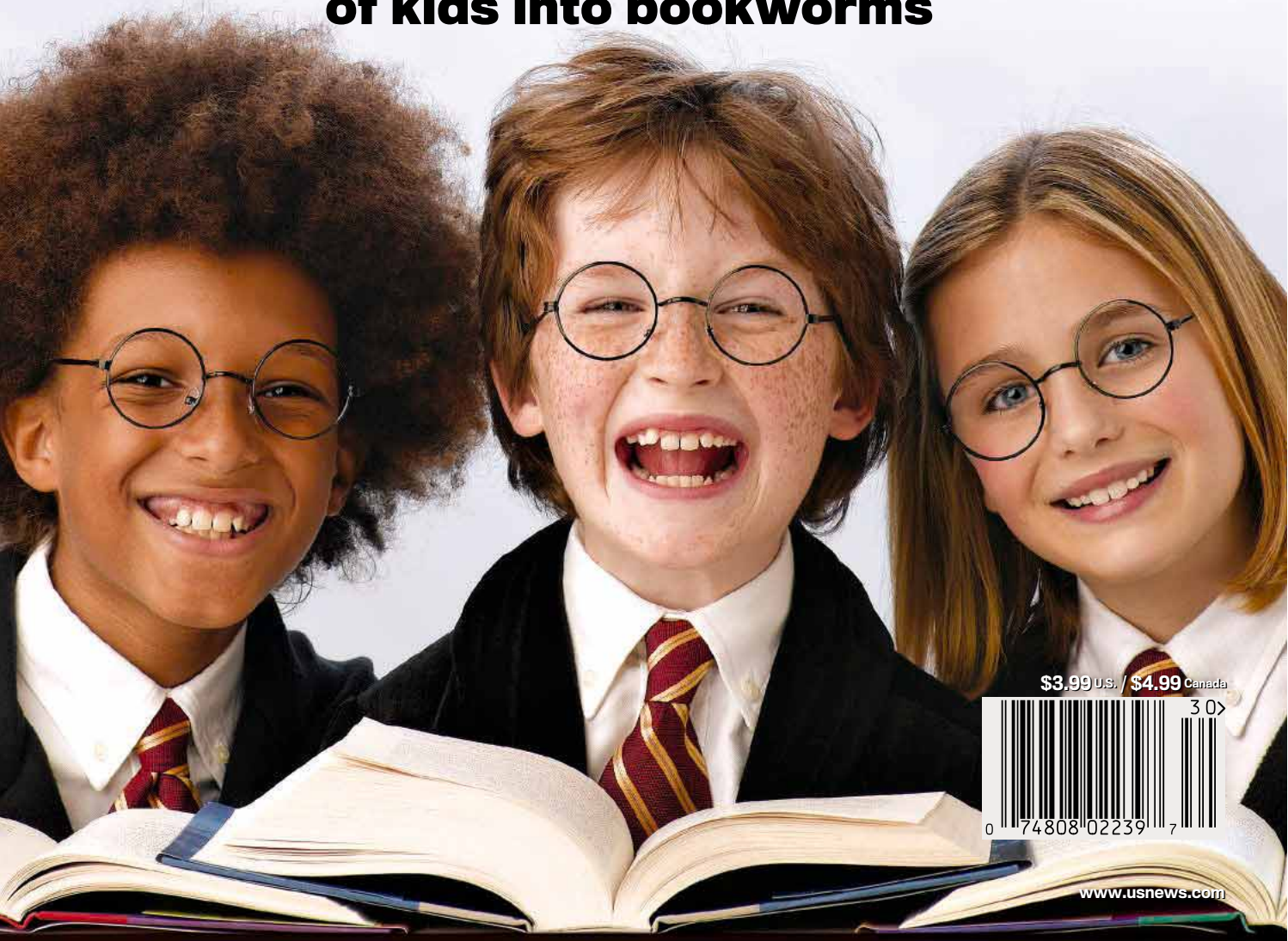
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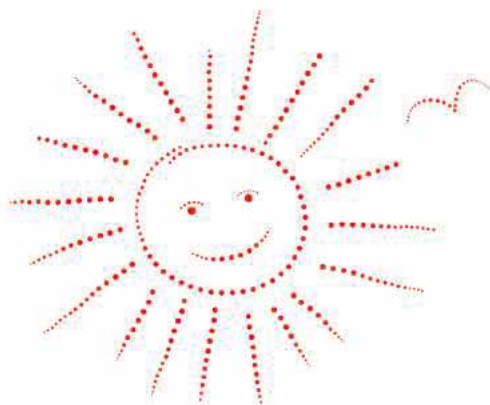
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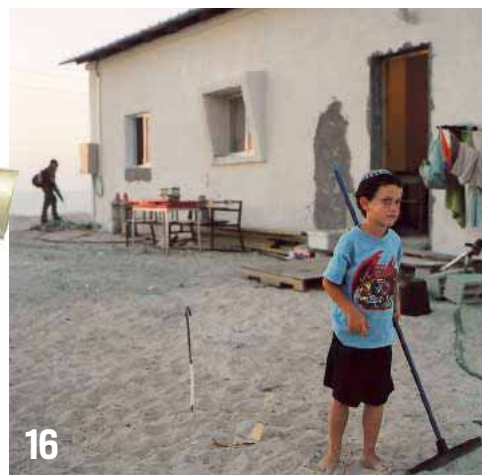
COVER STORY

Harry Potter's Biggest Trick Yet 44

As the latest volume from J. K. Rowling breaks American publishing industry records, literacy experts and parents alike wonder: Can the exploits of one young wizard create a nation of readers? By Vicky Hallett



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The series has captivated both precocious and struggling kids—and adults, too. Can the teen wizard turn a generation of half-hearted readers into lifelong bookworms?

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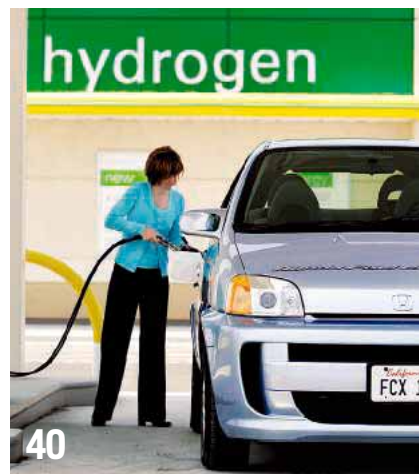
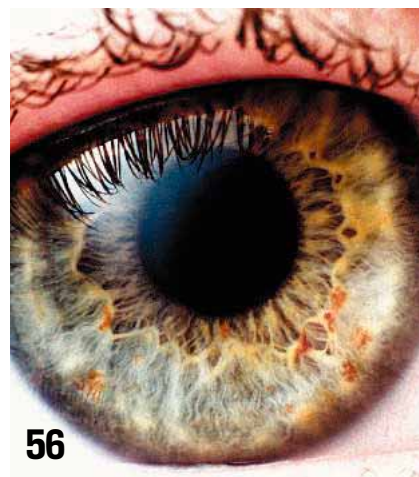
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Epic Journeys

Claiming there were no good movies to make after *A Fish Called Wanda*, Monty Python star Michael Palin instead became a tour guide for the BBC. After traveling *Around the World in 80 Days*, Palin talked to *U.S. News* about his most recent adventure, *Himalaya*—and his itchy feet.
www.usnews.com/palin

Ready for Liftoff?

The stakes have never been higher for NASA as it continues its quest to return to human space travel. Our photo gallery tracks the preparation for the space

shuttle Discovery.
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therapists, and counselors, provided by *Psychology Today*.
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Small-Biz View

A new column features tips and advice for the small-business owner. This week, Nisha Ramachandran investigates software and services that promise to make it easier and cheaper to operate online.
www.usnews.com/bizview

Volvo Disappoints

The S60 has a potent five-cylinder engine and top-notch handling, but along the line, Volvo skipped a dummy test.
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Whispers Poll. Should Karl Rove face punishment for helping to ID Valerie Plame?
www.usnews.com/wwpoll



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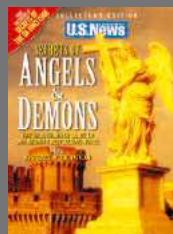


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Letters

Teaching Teachers

DAVID GERGEN RIGHTLY PRAISES Teach for America for working hard to attract graduates of elite colleges into the occupation of teaching ["A Teacher Success Story," July 4-11]. But he assumes that well-educated people can succeed as beginning teachers with little or no professional training. I would prefer that they saw teaching as a complicated profession that demands specialized education and long-term commitment.

PHILIP M. TATE, PH.D.
Assistant Professor
School of Education
Boston University

I AM NOT SURPRISED AT THE SUCCESS of Teach for America. As a retired teacher, I know the power of working with young people. You experience successes and some failures yet feel you have made a difference in students' lives.

BARBARA A. BRENNAN
Cedar Grove, N.J.

ISN'T THE SUCCESS OF TEACH FOR America proof that education theories studied by prospective teachers are no match for passion and knowledge of the subject matter?

LIONG-SHIN HAHN
Irvine, Calif.

Tougher by the Dozen

AN OBSERVATION RELATED TO Supreme Court justice replacement is that the law of the land is made by a 5-to-4 decision ["Supreme Fight to the Finish," July 18], while a simple criminal jury trial requires a vote of 12 to 0 to convict.

LEWIS H. RICHMOND, M.D.
San Antonio

Corrections

- "Supreme Fight to the Finish" [July 18] should have identified Judges Edith Jones and Edith Brown Clement as Fifth Circuit Court judges, not 10th.
- "When 'Carolina Gold' Ruled" [July 4-11] incorrectly stated that Henry Middleton was the Continental Congress's first president. Middleton followed Virginian Peyton Randolph's six-week tenure.

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Washington Whispers

By Paul Bedard

One Childhood Wish Comes True

He's a really rich guy who's got just about everything a boy ever wanted and done virtually everything he's dreamed of. Still, there are a few holes in Sen. **John Kerry's** personal résumé. Being president is the most obvious. But he's harbored two other dreams much longer: sitting at Fenway Park for a game with Red Sox great **Ted Williams** and being an astronaut, a wish sparked when he and some high school pals lay out on a grassy Massachusetts field and watched Sputnik pass overhead years ago.

Teddy Ballgame's dead now, and the space thing's a bit out of reach. But that was until an old friend re-entered Kerry's life last week making good on a promise that touched on both of Kerry's childhood dreams.

It was Tuesday morning when former Sen. **John Glenn** called Kerry at his Senate office. A Kerry mentor who was the first astronaut and a copilot with Williams in Korea, Glenn reminded his pal that they had agreed during the 2004 campaign to watch the next space shuttle flight together. "Wanna go?" asked Glenn. Heck, yeah, said Kerry, and they were off early Wednesday to Florida. While the liftoff was postponed and the two returned home, Kerry told friends he had had a great time as Glenn regaled him all day on the thrill of spaceflight. "It was like watching a game at Fenway with Ted Williams," Kerry said. "A great memory."

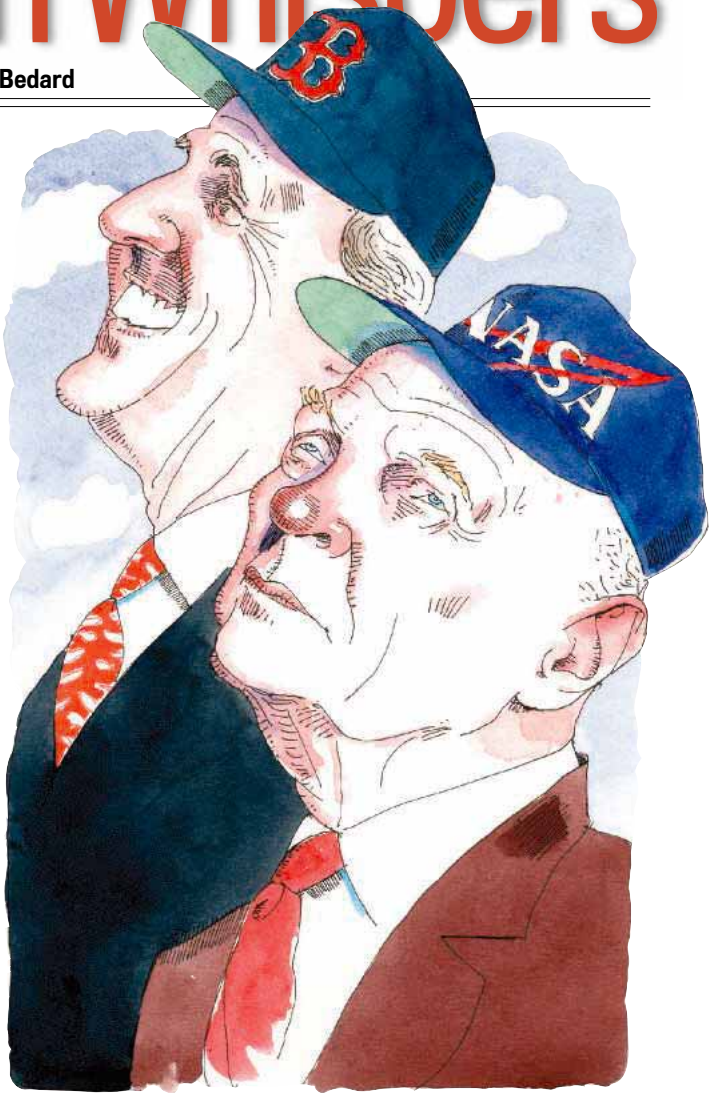
Tommy Thompson Is His Own Best Ad

We bet that former Health and Human Services Secretary **Tommy Thompson** wishes he had gone to work for Breyers or Hershey's. To set a good example, he's preparing to consume his new company's product—VeriChip Corp.'s flesh-embedded medical radio chip. "It doesn't cause any pain," he assures us, explaining that a rice-size chip will be inserted into his arm. The chip stores coding that makes the user's health records available worldwide. Hospitals wave a radio wand over the arm to

get the info. "People are dying all the time," he says, "because they can't access their medical information overseas."

Going Global to Fight a U.S. Giant

Big Labor is looking overseas as it ramps up a new fight against Wal-Mart. AFL-CIO President **John Sweeney** revealed to us last week that he's working with unions overseas to blast Wal-Mart's U.S. and foreign pay and healthcare packages. "There'll be a global component to it," says Sweeney, who won't dish more until the full cam-



paign is revealed at this month's union convention.

Daschle-Thune Fight Goes On

How many attack blogs does it take to keep former Senate Minority Leader **Tom Daschle's** political hopes alive? So far, five. Or so say friends of Daschle-slayer Sen. **John Thune**, the target of the blogs. Maybe it's revenge or just his old pals trying to soften up rookie Thune for a 2010 race, but we've failed to find any other political newcomer hit so hard by the latest Internet fad. Is it a conspiracy? *The Rapid City Journal* re-

veals that Daschle's political action committee still pays his old campaign partner, who runs one of the blogs.

Capitol Weenies: Naked or Dressed

Our favorite dueling events happen this week when People for the Ethical Treatment of Animals goes up against the American Meat Institute to fight over National Hot Dog Month. PETA is doing the usual: *Playboy* Playmates **Lauren Anderson** and **Robin Arcuri** dressed only in lettuce handing out veggie dogs at the Rayburn House Office Building Wednesday. That's

usually where everybody goes. But this year, AMI has a trio of major-league stars who will attract: **Luis Tiant** of the Red Sox, **Tommy John** of the Dodgers, and **Harmon Killebrew** of the Twins. Thankfully, AMI's **David Ray** promises: "Our celebrities will be fully clothed."

George Washington Is Now the Rage

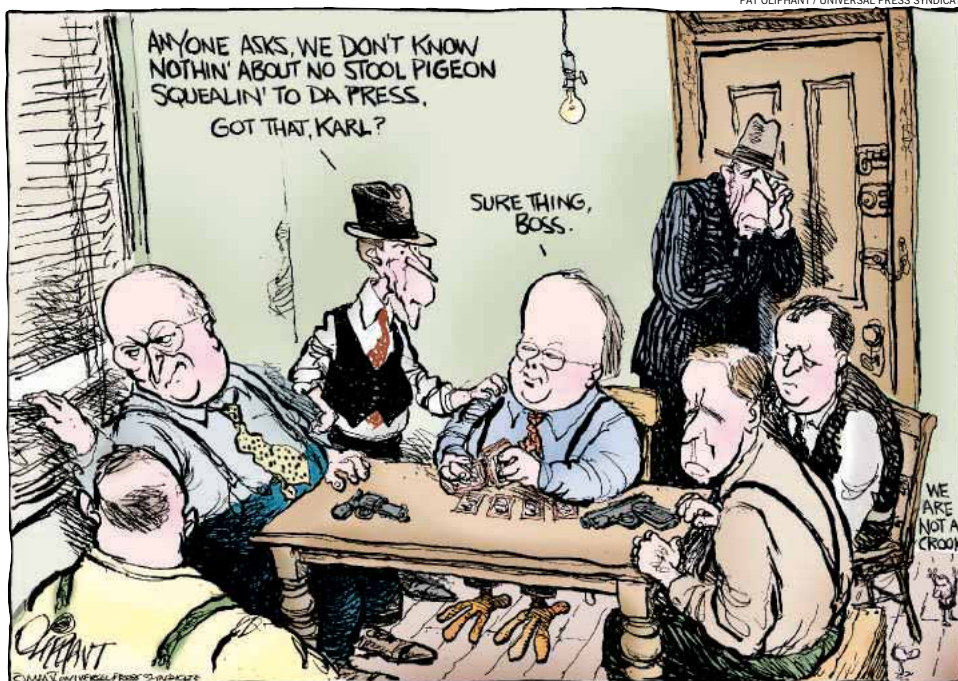
She is an academic, so we shouldn't be surprised with what Secretary of State **Condi Rice** is reading in her downtime. Not fiction, but biographies of America's Founding Fathers. Right now, she's into the first president, reading **Joseph J. Ellis's** *His Excellency: George Washington*. GW's an appropriate topic since **President Bush** has been making references to the American Revolution when speaking on Iraq.

The Heat Is On for A Texas Run

At least Washington's heat and 98 percent humidity are good for something. We hear that staffers and pressies are training for the 100-Degree Run **President Bush** hosts during summer breaks in Crawford, Texas. "You get a T-shirt," cheered one likely entrant. Insiders say Bush plans about five weeks at his ranch but won't jog: He bikes now because of bad knees.

Taking Off the Gloves—Just Once

Democratic National Committee Chairman **Howard Dean** isn't all fire and fangs when it comes to dueling with his foe, GOP Chairman **Ken Mehlman**. Dean privately proved that last week when the two crossed paths backstage at the NAACP convention. We hear Dean expressed condolences to Mehlman, whose grandfather recently died. Mehlman was grateful, we're told.



OUT LOUD

"I'm not about to announce my retirement."

Chief Justice William Rehnquist, ending retirement speculation

"I sometimes feel that Alfred E. Neuman is in charge of Washington."

Sen. Hillary Rodham Clinton, rapping President Bush's policies and comparing him to the *Mad* character

"Sometimes it is the chosen assignment of the White House press secretary to go out and get whacked, over and over, to see if anything interesting will spill out."

Mike McCurry, former Clinton spokesman, expressing sympathy for Bush spokesman Scott McClellan, who faced questions on Bush aide Karl Rove's involvement in the Valerie Plame case

"To take a classic family show and do that is like taking *I Love Lucy* and making her a crackhead."

Ben Jones, former congressman and actor who played Cooter on TV's *Dukes of Hazzard*, condemning the new movie version

Sources: Washington Post, Daily Sentinel, Huffingtonpost.com, AP

One Shiny Apple: The Gitmo Diet

It certainly wasn't a good week on the PR front for the Guantánamo Bay prison authorities accused of belittling and degrading captives during interrogations. But there is one area where the military's treatment seems to shine, at least recently: fitness. During a press tour last week, our spies saw prisoners playing soccer, getting medical care, and eating a diet that could be the model for the FDA's new food pyramid. **Jed Babbin**, a former Pentagon official who's a contributing editor for the *American Spectator*, snagged a weekly menu for us, and it shows a diet that's heavy on veggies, fruits, and whole grains. Of note: no pork in deference to the Muslim faith of many prisoners. Will this spark a Gitmo Diet craze?

With Thomas Omestad

➤➤ **USNEWS.COM**

See the Guantánamo Bay daily menu for prisoners: www.usnews.com/whispers

The Virginian-Pilot
June 16, 2005

Two on PETA staff charged with cruelty to animals

Cal Bryant/Roanoke-Chowan News-Herald, Asheville, NC



What are your donations funding?

Official government records show that People for the Ethical Treatment of Animals (PETA) has killed more than 12,000 animals since 1998. PETA employees now face felony animal-cruelty charges for killing puppies and kittens—and throwing many of them in a trash dumpster. This news photo shows police preparing to bury a puppy that PETA's "ethical" employees left to rot in the trash.

Find out what PETA doesn't want you to know:

PETAkillsAnimals.com

Edited by Peter Cary

JEFFREY MACMILLAN FOR USN&WR

The Capital Comes Unglued Over a Guy Named Rove

The elusive strands of fact surrounding the outing of a covert CIA agent—and what role, if any, Deputy White House Chief of Staff Karl Rove played—may one day be untangled by the special prosecutor probing the leak. But for now, the issue has upset what passes for the balance of power in Washington. Senate Democrats tried to strip Rove of his security clearance last week, while Republicans cried dirty politics. Then the Dems watched gleefully as the White House—which for nearly two years had denied any involvement by Rove in the leak—fumbled its response to disclosures that he spoke to two reporters about former CIA agent Valerie Plame, even if he didn't actually use her name. (Democrats contend that Rove did it either to discredit or retaliate against Joseph Wilson, Plame's husband, who was sent to Niger to see if Iraq had tried to buy uranium there. He found no evidence, and he blasted the White House.)

Whatever the case, the normally hypereffective White House spin machine threw a rod. "The main story coming out of the White House this week was all about Karl Rove," said one Democratic operative, suggesting the White House had instead wanted to "use the bombings in London to shift the story line back to terrorism and try to get a little boost in the polls." Senior White House officials fretted that the controversy would depress President Bush's public approval ratings still further and considered mounting a public defense, but they opted to wait out the storm, expecting the issue, eventually, to blow away. "Rove is personally cool as a cucumber," said one adviser. "He has a heck of a lot more information than the rest of us."

Rice, and a Breakthrough in Beijing

BEIJING—As an American official and his North Korean counterpart dined on steak and cheesecake here, the rogue nation at last said yes to resuming six-nation negotiations on eliminating its nuclear weapons programs. The timing was perfect for Secretary of State Condoleezza Rice, who



**WHITE
HOUSE
MOMENT**

10:50 a.m., July 15, White House South Lawn

As President Bush walked toward his Marine One helicopter with an entourage, notably close to the president was **Deputy Chief of Staff Karl Rove** (center). Some read this as a sign of support from Bush, who had said that he would fire anyone found to have leaked the name of a covert CIA agent to the press.

had arrived that very evening to begin a four-nation Asian swing. Restarting the talks will relieve some of the pressure on Pyongyang—but it also cuts the White House some much-needed slack. So it was not surprising that Rice last week welcomed a set of South Korean inducements calculated to gin up the talks: proposals to deliver electricity to the power-starved North, foster trade, and give more food aid. "We sought to make a breakthrough in the stalemate," said South Korean Foreign Minister Ban Ki-Moon. The administration wanted the same, but it relied on others to step in and offer most of the goodies.

Bush Team Quacks: No Lame Duck Here

Despite—or because of—slumping ratings, administration officials have ramped up their talk that President Bush is not a lame duck. Insiders say that with his war on terrorism, tax cuts, judicial picks, and expanded GOP control of Congress, Bush is on track to have as lasting a legacy as former President Ronald Reagan. The latest example: The president is likely to name a new Federal Reserve chairman sometime next year, putting his stamp on future economic policy. ●

With Terence Samuel, Paul Bedard, and Thomas Omestad in Beijing

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The Week

By Lisa Stein

HADI MIZBAN—AP



Relatives cry as they bury bomb victim Ahmed, 9.

Targeting The Kids

'Mister, Mister. Gimme chocolate." It's the one English phrase every Iraqi child seems to have learned. And in a war that has turned into a long, hard grind, meeting that request is one of the few things that give American GIs joy. But last Wednesday, Iraqi insurgents found

a way to pervert even that small kindness. At an American checkpoint, a group of Iraqi children gathered for candy. After initially shooting them away, the GIs relented. That's when the suicide bomber hit. The death toll: 18 children, eight Iraqi adults, one American soldier. —*Julian E. Barnes*

Throwing the Book At a Crooked CEO

Any corporate bigwigs still entertaining thoughts of cooking the books must have missed last week's sentencing of Bernard Ebbers. A federal judge ordered Ebbers, the disgraced WorldCom founder, to spend 25 years in prison for his role in the accounting scandal that toppled his

once giant telecom company. Ebbers, 63, wept when the judge handed down the sentence, the toughest yet in a string of white-collar crimes that sent the stock market reeling three years ago. Ebbers is set to report to jail in October; he won't be eligible for release for 20 years. "Although I recognize . . . this is likely to be a life sentence," said U.S. District Judge Barbara Jones, "I find

anything else would not reflect the seriousness of the crime." Nearly 17,000 employees lost their jobs when the once mighty WorldCom crumbled as a result of a scheme to hide costs and artificially inflate revenue. The \$11 billion fraud led to the nation's biggest bankruptcy filing; the company has since emerged from bankruptcy protection renamed MCI. Last month,

Ebbers agreed to surrender \$5.5 million in cash, his Clinton, Miss., mansion, and other assets worth as much as \$40 million to settle claims by WorldCom shareholders who lost billions when the company went bust. His wife, Kristie, will be allowed to keep a more modest Mississippi house, \$50,000 in cash, and a retirement account. ● *An appeal is planned.*

SPOTLIGHT

A Long Trail of Tears

Remembering Srebrenica's massacred

The last time Sejdefa Dozic saw her father, she was 10 years old. Her hometown of Srebrenica, a Muslim enclave in the former Yugoslavia, had been invaded by Bosnian Serb forces, the men and boys surrounded and executed. That was a decade ago, but Dozic still vividly recalls the fear she felt as Bosnian Serb soldiers took positions in the hills ringing Srebrenica while Dutch United Nations peacekeepers—arms too light and troops too few—stood helplessly by. “A few days before Srebrenica was at-

DAMIR SAGOLJ—REUTERS



Bosnian Muslim women cry over the coffin of a beloved victim.

tacked, shells were exploding all over the city. It was horrible,” says Dozic, now a Georgia Tech student. “We went to the center of town where the U.N. troops were stationed. We hoped they would protect us.”

On July 11, 1995, Bosnian Serb forces overtook the 370 Dutch peacekeepers and stripped them of their uniforms, vehicles, and weapons. And what was supposed to have been a U.N. safe haven became the site of the worst massacre in Europe since World War II, a bloody extermination of some 8,000 Muslim men and boys by Bosnian Serbs. “These past 10 years, we’ve been looking for the answer to why the U.N. didn’t protect us,” Dozic says. “We never believed they would allow the Serbs to come in.”

Shallow mass graves where the dead were dumped are still being discovered; so far, only 2,000 bodies have been identified and given proper burials. Bosnian Serb political and military leaders, President Radovan Karadzic and Gen. Ratko Mladic, who are wanted on charges of genocide in connection with the massacre, continue to elude capture. Last week, world leaders offered apologies, during a somber 10th-anniversary memorial in Srebrenica, for failing to have stopped the killings. “We were betrayed by those who came to protect us,” Dozic said quietly. “We can never remain silent in the face of murder and injustice.”

—Ilana Ozernoy

Shaking It Up at Homeland Security

The new chief of the Department of Homeland Security announced a major overhaul of his mammoth, 180,000-person agency to make it more effective in thwarting terrorist attacks. “Our enemy constantly changes and adapts,” Michael Chertoff said, “so we as a department must be nimble and decisive.” Chertoff said he wants to make sure that resources at his supersize department—cobbed together from 22 once distinct agencies—are focused on preventing and preparing for potentially catastrophic strikes. Toward that end, he said radiological and biological weapons detectors would be placed in the country’s largest mass transit systems. Other items on his must-do list: sealing the porous border between the United States and Mexico and improving fingerprinting of foreign visitors so they can be more accurately checked with those in FBI criminal databases. Most of the changes won’t be visible to regular folks. But routine travelers may be pleased to hear that Chertoff is eager to create ways to reduce long airport waits by “automatically clear[ing] low-risk travelers.” No word

on how or when he might achieve that. Some lawmakers say the revamp is a step in the right direction, but others say it will do little to make us safer.

● *“The Bush administration should put forward real policy proposals to plug our homeland security vulnerabilities,” said Rep. Edward Markey, “instead of just moving people’s offices around and changing the department’s stationery.”*

Skating on Thin Ice—Once Again

Good news for hockey fans: There may actually be a season this year. The National Hockey League and the players’ association last week reached a tentative agreement that would end a lockout that killed the 2004–05 season and left fans out in the cold. During a marathon meeting, negotiators hammered out a six-year deal designed to return NHL players to the ice on time this October. Representatives for both sides said in a joint news release that the pact is expected to be ratified this week. In February, NHL Commissioner Gary Bettman canceled the 2004–05 season after negotiations collapsed.

● *The next hurdle: signing players.*

LOUIS LANZANO—AP



SENTENCED. Former WorldCom CEO Bernard Ebbers, with wife, Kristie, leaves a Manhattan court after being sentenced to 25 years in prison.

When it comes to bad cholesterol— Ask your doctor if lower is better.

Getting high cholesterol down is important.

Doctors know lowering high cholesterol is important for everyone. But for some people, it's even more important. In fact, a panel of medical experts recently proposed updated guidelines suggesting many patients aim for an even lower cholesterol goal than before.*

Working with your doctor is key to helping you reach your cholesterol goal.

If, after all you've tried—including diet and exercise—your doctor believes you need to get your bad cholesterol even lower, ask whether CRESTOR might help.

Aim lower.

CRESTOR may make the difference you need. In fact, the 10-mg dose of CRESTOR, along with diet, can lower bad cholesterol by as much as 52% (vs 7% with placebo). That means your LDL-C—the bad cholesterol—could go down about half. Your results may vary.

Is CRESTOR right for you?

That's another conversation you need to have with your doctor. Your doctor will decide the best course of treatment for you after assessing your particular needs.

Get more information about CRESTOR.

To learn more about CRESTOR, or if you are without prescription coverage and can't afford your medication, AstraZeneca may be able to help. Call 800-CRESTOR or visit CRESTOR.com.

Here is important safety information about CRESTOR you need to know.

CRESTOR is prescribed along with diet for lowering high cholesterol and has not been determined to prevent heart disease, heart attacks, or strokes. CRESTOR is not right for everyone, including women who are nursing, pregnant, or who may become pregnant, or anyone with liver problems. Your doctor will do blood tests before and during treatment with CRESTOR to monitor your liver function. Unexplained muscle pain and weakness could be a sign of a rare but serious side effect and should be reported to your doctor right away. The 40-mg dose of CRESTOR is only for patients who do not reach goal on 20 mg. Be sure to tell your doctor if you are taking any medications. Side effects occur infrequently and include muscle aches, constipation, weakness, abdominal pain, and nausea. They are usually mild and tend to go away.

If your doctor says,
“lower is better,” aim lower with CRESTOR.



Please read this summary carefully and then ask your doctor about CRESTOR. No advertisement can provide all the information needed to determine if a drug is right for you. This advertisement does not take the place of careful discussions with your doctor. Only your doctor has the training to weigh the risks and benefits of a prescription drug.

BRIEF SUMMARY: For full Prescribing Information, see package insert. **INDICATIONS AND USAGE:** CRESTOR is indicated: 1. as an adjunct to diet to reduce elevated total-C, LDL-C, ApoB, nonHDL-C, and TG levels and to increase HDL-C in patients with primary hypercholesterolemia (heterozygous familial and nonfamilial) and mixed dyslipidemia (Fredrickson Type IIa and IIb); 2. as an adjunct to diet for the treatment of patients with elevated serum TG levels (Fredrickson Type IV); 3. to reduce LDL-C, total-C, and ApoB in patients with homozygous familial hypercholesterolemia as an adjunct to other lipid-lowering treatments (e.g., LDL apheresis) or if such treatments are unavailable. **CONTRAINDICATIONS:** CRESTOR is contraindicated in patients with a known hypersensitivity to any component of this product. Rosuvastatin is contraindicated in patients with active liver disease or with unexplained persistent elevations of serum transaminases (see WARNINGS, Liver Enzymes). **Pregnancy and Lactation:** Atherosclerosis is a chronic process and discontinuation of lipid-lowering drugs during pregnancy should have little impact on the outcome of long-term therapy of primary hypercholesterolemia. Cholesterol and other products of cholesterol biosynthesis are essential components for fetal development (including synthesis of steroids and cell membranes). Since HMG-CoA reductase inhibitors decrease cholesterol synthesis and possibly the synthesis of other biologically active substances derived from cholesterol, they may cause fetal harm when administered to pregnant women. Therefore, HMG-CoA reductase inhibitors are contraindicated during pregnancy and in nursing mothers. ROSUVASTATIN SHOULD BE ADMINISTERED TO WOMEN OF CHILDBEARING AGE ONLY WHEN SUCH PATIENTS ARE HIGHLY UNLIKELY TO CONCEIVE AND HAVE BEEN INFORMED OF THE POTENTIAL HAZARDS. If the patient becomes pregnant while taking this drug, therapy should be discontinued immediately and the patient apprised of the potential hazard to the fetus. **WARNINGS:** **Liver Enzymes:** HMG-CoA reductase inhibitors, like some other lipid-lowering therapies, have been associated with biochemical abnormalities of liver function. The incidence of persistent elevations (>3 times the upper limit of normal [ULN]) occurring on 2 or more consecutive occasions) in serum transaminases in fixed dose studies was 0.4, 0, 0, and 0.1% in patients who received rosuvastatin 5, 10, 20, and 40 mg, respectively. In most cases, the elevations were transient and resolved or improved on continued therapy or after a brief interruption in therapy. There were two cases of jaundice, for which a relationship to rosuvastatin therapy could not be determined, which resolved after discontinuation of therapy. There were no cases of liver failure or irreversible liver disease in these trials. It is recommended that liver function tests be performed before and at 12 weeks following both the initiation of therapy and any elevation of dose, and periodically (e.g., semiannually) thereafter. Liver enzyme changes generally occur in the first 3 months of treatment with rosuvastatin. Patients who develop increased transaminase levels should be monitored until the abnormalities have resolved. Should an increase in ALT or AST of >3 times ULN persist, reduction of dose or withdrawal of rosuvastatin is recommended. Rosuvastatin should be used with caution in patients who consume substantial quantities of alcohol and/or have a history of liver disease (see CLINICAL PHARMACOLOGY, Special Populations, Hepatic Insufficiency). Active liver disease or unexplained persistent transaminase elevations are contraindications to the use of rosuvastatin (see CONTRAINDICATIONS). **Myopathy/Rhabdomyolysis:** Rare cases of rhabdomyolysis with acute renal failure secondary to myoglobinuria have been reported with rosuvastatin and with other drugs in this class. Uncomplicated myalgia has been reported in rosuvastatin-treated patients (see ADVERSE REACTIONS). Creatine kinase (CK) elevations (>10 times upper limit of normal) occurred in 0.2% to 0.4% of patients taking rosuvastatin at doses up to 40 mg in clinical studies. Treatment-related myopathy, defined as muscle aches or muscle weakness in conjunction with increases in CK values >10 times upper limit of normal, was reported in up to 0.1% of patients taking rosuvastatin doses of up to 40 mg in clinical studies. In clinical trials, the incidence of myopathy and rhabdomyolysis increased at doses of rosuvastatin above the recommended dosage range (5 to 40 mg). In post-marketing experience, effects on skeletal muscle, e.g., uncomplicated myalgia, myopathy and, rarely, rhabdomyolysis have been reported in patients treated with HMG-CoA reductase inhibitors including rosuvastatin. As with other HMG-CoA reductase inhibitors, reports of rhabdomyolysis with rosuvastatin are rare, but higher at the highest marketed dose (40 mg). Factors that may predispose patients to myopathy with HMG-CoA reductase inhibitors include advanced age (>65 years), hypothyroidism, and renal insufficiency. Consequently, 1. Rosuvastatin should be prescribed with caution in patients with predisposing factors for myopathy, such as, renal impairment (see DOSAGE AND ADMINISTRATION), advanced age, and inadequately treated hypothyroidism. 2. Patients should be advised to promptly report unexplained muscle pain, tenderness, or weakness, particularly if accompanied by malaise or fever. Rosuvastatin therapy should be discontinued if markedly elevated CK levels occur or myopathy is diagnosed or suspected. 3. The 40 mg dose of rosuvastatin is reserved only for those patients who have not achieved their LDL-C goal utilizing the 20 mg dose of rosuvastatin once daily (see DOSAGE AND ADMINISTRATION). 4. The risk of myopathy during treatment with rosuvastatin may be increased with concurrent administration of other lipid-lowering therapies or cyclosporine, (see CLINICAL PHARMACOLOGY, Drug Interactions, PRECAUTIONS, Drug Interactions, and DOSAGE AND ADMINISTRATION). **The benefit of further alterations in lipid levels by the combined use of rosuvastatin with fibrates or niacin should be carefully weighed against the potential risks of this combination. Combination therapy with rosuvastatin and gemfibrozil should generally be avoided. (See DOSAGE AND ADMINISTRATION and PRECAUTIONS, Drug Interactions).** 5. The risk of myopathy during treatment with rosuvastatin may be increased in circumstances which increase rosuvastatin drug levels (see CLINICAL PHARMACOLOGY, Special Populations, Race and Renal Insufficiency, and PRECAUTIONS, General). 6. Rosuvastatin therapy should also be temporarily withheld in any patient with an acute, serious condition suggestive of myopathy or predisposing to the development of renal failure secondary to rhabdomyolysis (e.g., sepsis, hypotension, dehydration, major surgery, trauma, severe metabolic, endocrine, and electrolyte disorders, or uncontrolled seizures). **PRECAUTIONS:** **General:** Before instituting therapy with rosuvastatin, an attempt should be made to control hypercholesterolemia with appropriate diet and exercise, weight reduction in obese patients, and treatment of underlying medical problems (see INDICATIONS AND USAGE). Administration of rosuvastatin 20 mg to patients with severe renal impairment ($CL_{CR} < 30$ mL/min/1.73 m²) resulted in a 3-fold increase in plasma concentrations of rosuvastatin compared with healthy volunteers (see WARNINGS, Myopathy/Rhabdomyolysis and DOSAGE AND ADMINISTRATION). The result of a large pharmacokinetic study conducted in the US demonstrated an approximate 2-fold elevation in median exposure in Asian subjects (having either Filipino, Chinese, Japanese, Korean, Vietnamese or Asian-Indian origin) compared with a Caucasian control group. This increase should be considered when making rosuvastatin dosing decisions for Asian patients. (See WARNINGS, Myopathy/Rhabdomyolysis; CLINICAL PHARMACOLOGY, Special Populations, Race, and DOSAGE AND ADMINISTRATION.) **Information for Patients:** Patients should be advised to report promptly unexplained muscle pain, tenderness, or weakness, particularly if accompanied by malaise or fever. When taking rosuvastatin with an aluminum and magnesium hydroxide combination antacid, the antacid should be taken at least 2 hours after rosuvastatin administration (see CLINICAL PHARMACOLOGY, Drug Interactions). **Laboratory Tests:** In the rosuvastatin clinical trial program, dipstick-positive proteinuria and microscopic hematuria were observed among rosuvastatin-treated patients, predominantly in patients dosed above the recommended dose range (i.e., 80 mg). However, this finding was more frequent in patients taking rosuvastatin 40 mg, when compared to lower doses of rosuvastatin or comparator statins, though it was generally transient and was not associated with worsening renal function. Although the clinical significance of this finding is unknown, a dose reduction should be considered for patients on rosuvastatin 40 mg therapy with unexplained persistent proteinuria during routine urinalysis testing. **Drug Interactions:** **Cyclosporine:** When rosuvastatin 10 mg was coadministered with cyclosporine in cardiac transplant patients, rosuvastatin mean C_{max} and mean AUC were increased 11-fold and 7-fold, respectively, compared with healthy volunteers. These increases are considered to be clinically significant and require special consideration in the dosing of rosuvastatin to patients taking

concomitant cyclosporine (see WARNINGS, Myopathy/Rhabdomyolysis, and DOSAGE AND ADMINISTRATION). **Warfarin:** Coadministration of rosuvastatin to patients on stable warfarin therapy resulted in clinically significant rises in INR (>4, baseline 2-3). In patients taking coumarin anticoagulants and rosuvastatin concomitantly, INR should be determined before starting rosuvastatin and frequently enough during early therapy to ensure that no significant alteration of INR occurs. Once a stable INR time has been documented, INR can be monitored at the intervals usually recommended for patients on coumarin anticoagulants. If the dose of rosuvastatin is changed, the same procedure should be repeated. Rosuvastatin therapy has not been associated with bleeding or with changes in INR in patients not taking anticoagulants. **Gemfibrozil:** Coadministration of a single rosuvastatin dose to healthy volunteers on gemfibrozil (600 mg twice daily) resulted in a 2.2- and 1.9-fold, respectively, increase in mean C_{max} and mean AUC of rosuvastatin (see DOSAGE AND ADMINISTRATION). **Endocrine Function:** Although clinical studies have shown that rosuvastatin alone does not reduce basal plasma cortisol concentration or impair adrenal reserve, caution should be exercised if any HMG-CoA reductase inhibitor or other agent used to lower cholesterol levels is administered concomitantly with agents that may decrease the levels or activity of endogenous steroid hormones such as ketoconazole, spiroclonolone, and cimetidine. **CNS Toxicity:** CNS vascular lesions, characterized by perivascular hemorrhages, edema, and mononuclear cell infiltration of perivascular spaces, have been observed in dogs treated with several other members of this drug class. A chemically similar drug in this class produced dose-dependent optic nerve degeneration (Wallner degeneration of retinogeniculate fibers) in dogs, at a dose that produced plasma drug levels about 30 times higher than the mean drug level in humans taking the highest recommended dose. Edema, hemorrhage, and partial necrosis in the interstitium of the choroid plexus was observed in a female dog sacrificed moribund at day 24 at 90 mg/kg/day by oral gavage (systemic exposures 100 times the human exposure at 40 mg/day based on AUC comparisons). Corneal opacity was seen in dogs treated for 52 weeks at 6 mg/kg/day by oral gavage (systemic exposures 20 times the human exposure at 40 mg/day based on AUC comparisons). Cataracts were seen in dogs treated for 12 weeks by oral gavage at 30 mg/kg/day (systemic exposures 60 times the human exposure at 40 mg/day based on AUC comparisons). Retinal dysplasia and retinal loss were seen in dogs treated for 4 weeks by oral gavage at 90 mg/kg/day (systemic exposures 100 times the human exposure at 40 mg/day based on AUC). Doses >30 mg/kg/day (systemic exposures <60 times the human exposure at 40 mg/day based on AUC comparisons) following treatment up to one year, did not reveal retinal findings. **Carcinogenesis, Mutagenesis, Impairment of Fertility:** In a 104-week carcinogenicity study in rats at dose levels of 2, 20, 60, or 80 mg/kg/day by oral gavage, the incidence of uterine stromal polyps was significantly increased in females at 80 mg/kg/day at



systemic exposure 20 times the human exposure at 40 mg/day based on AUC. Increased incidence of polyps was not seen at lower doses. In a 107-week carcinogenicity study in mice given 10, 60, 200 mg/kg/day by oral gavage, an increased incidence of hepatocellular adenoma/carcinoma was observed at 200 mg/kg/day at systemic exposures 20 times human exposure at 40 mg/day based on AUC. An increased incidence of hepatocellular tumors was not seen at lower doses. Rosuvastatin was not mutagenic or clastogenic with or without metabolic activation in the Ames test with *Salmonella typhimurium* and *Escherichia coli*, the mouse lymphoma assay, and the chromosomal aberration assay in Chinese hamster lung cells. Rosuvastatin was negative in the *in vivo* mouse micronucleus test. In rat fertility studies with oral gavage doses of 5, 15, 50 mg/kg/day, males were treated for 9 weeks prior to and throughout mating and females were treated 2 weeks prior to mating and throughout mating until gestation day 7. No adverse effect on fertility was observed at 50 mg/kg/day (systemic exposures up to 10 times human exposure at 40 mg/day based on AUC comparisons). In testicles of dogs treated with rosuvastatin at 30 mg/kg/day for one month, spermatid germ cells were seen. Spermatid germ cells were observed in monkeys after 6-month treatment at 30 mg/kg/day in addition to vacuolation of seminiferous tubular epithelium. Exposures in the dog were 20 times and in the monkey 10 times human exposure at 40 mg/day based on body surface area comparisons. Similar findings have been seen with other drugs in this class. **Pregnancy:** **Pregnancy Category X** See CONTRAINDICATIONS. Rosuvastatin may cause fetal harm when administered to a pregnant woman. Rosuvastatin is contraindicated in women who are or may become pregnant. Safety in pregnant women has not been established. There are no adequate and well-controlled studies of rosuvastatin in pregnant women. Rosuvastatin crosses the placenta and is found in fetal tissue and amniotic fluid at 3% and 20%, respectively, of the maternal plasma concentration following a single 25 mg/kg oral gavage dose on gestation day 16 in rats. A higher fetal tissue distribution (25% maternal plasma concentration) was observed in rabbits after a single oral gavage dose of 1 mg/kg on gestation day 18. If this drug is administered to a woman with reproductive potential, the patient should be apprised of the potential hazard to a fetus. In female rats given oral gavage doses of 5, 15, 50 mg/kg/day rosuvastatin before mating and continuing through day 7 postcoitus results in decreased fetal body weight (female pups) and delayed ossification at the high dose (systemic exposures 10 times human exposure at 40 mg/day based on AUC comparisons). In pregnant rats given oral gavage doses of 2, 20, 50 mg/kg/day from gestation day 7 through lactation day 21 (weaning), decreased pup survival occurred in groups given 50 mg/kg/day, systemic exposures ≥ 12 times human exposure at 40 mg/day based on body surface area comparisons. In pregnant rabbits given oral gavage doses of 0.3, 1, 3 mg/kg/day from gestation day 6 to lactation day 18 (weaning), exposures equivalent to human exposure at 40 mg/day based on body surface area comparisons, decreased fetal viability and maternal mortality was observed. Rosuvastatin was not teratogenic in rats at ≥ 25 mg/kg/day or in rabbits ≥ 3 mg/kg/day (systemic exposures equivalent to human exposure at 40 mg/day based on AUC or body surface area comparison, respectively). **Nursing Mothers:** It is not known whether rosuvastatin is excreted in human milk. Studies in lactating rats have demonstrated that rosuvastatin is secreted into breast milk at levels 3 times higher than that obtained in the plasma following oral gavage dosing. Because many drugs are excreted in human milk and because of the potential for serious adverse reactions in nursing infants from rosuvastatin, a decision should be made whether to discontinue nursing or administration of rosuvastatin taking into account the importance of the drug to the lactating woman. **Pediatric Use:** The safety and effectiveness in pediatric patients have not been established. Treatment experience with rosuvastatin in a pediatric population is limited to 8 patients with homozygous FH. None of these patients was below 8 years of age. **Geriatric Use:** Of the 10,275 patients in clinical studies with rosuvastatin, 3,159 (31%) were 65 years and older, and 698 (6.8%) were 75 years and older. The overall frequency of adverse events and types of adverse events were similar in patients above and below 65 years of age. (See WARNINGS, Myopathy/Rhabdomyolysis.) The efficacy of rosuvastatin in the geriatric population (>65 years of age) was comparable to the efficacy observed in the non-elderly. **ADVERSE REACTIONS:** Rosuvastatin is generally well tolerated. Adverse reactions have usually been mild and transient. In clinical studies of 10,275 patients, 3.7% were discontinued due to adverse experiences attributable to rosuvastatin. The most frequent adverse events thought to be related to rosuvastatin were myalgia, constipation, asthenia, abdominal pain, and nausea. **Clinical**

Adverse Experiences: Adverse experiences, regardless of causality assessment, reported in $\geq 2\%$ of patients in placebo-controlled clinical studies of rosuvastatin are shown in Table 1; discontinuations due to adverse events in these studies of up to 12 weeks duration occurred in 3% of patients on rosuvastatin and 5% on placebo.

Table 1. Adverse Events in Placebo-Controlled Studies

Adverse event	Rosuvastatin N=744	Placebo N=382
Pharyngitis	9.0	7.6
Headache	5.5	5.0
Diarrhea	3.4	2.9
Dyspepsia	3.4	3.1
Nausea	3.4	3.1
Myalgia	2.8	1.3
Asthenia	2.7	2.6
Back pain	2.6	2.4
Flu syndrome	2.3	1.8
Urinary tract infection	2.3	1.6
Rhinitis	2.2	2.1
Sinusitis	2.0	1.8

In addition, the following adverse events were reported, regardless of causality assessment, in $\geq 1\%$ of 10,275 patients treated with rosuvastatin in clinical studies. The events in *italics* occurred in $\geq 2\%$ of these patients. **Body as a Whole:** Abdominal pain, accidental injury, chest pain, infection, pain, pelvic pain, and neck pain. **Cardiovascular System:** Hypertension, angina pectoris, vasodilation, and palpitation. **Digestive System:** Constipation, gastroenteritis, vomiting, flatulence, periodontal abscess, and gastritis. **Endocrine:** Diabetes mellitus. **Hemic and Lymphatic System:** Anemia and ecchymosis. **Metabolic and Nutritional Disorders:** Peripheral edema. **Musculoskeletal System:** Arthritis, arthralgia, and pathological fracture. **Nervous System:** Dizziness, insomnia, hypertonia, paresthesia, depression, anxiety, vertigo, and neuralgia. **Respiratory System:** Bronchitis, cough increased, dyspnea, pneumonia, and asthma. **Skin and Appendages:** Rash and pruritus. **Laboratory Abnormalities:** In the rosuvastatin clinical trial program, dipstick-positive proteinuria and microscopic hematuria were observed among rosuvastatin-treated patients, predominantly in patients dosed above the recommended dose range (i.e., 80 mg). However, this finding was more frequent in patients taking rosuvastatin 40 mg, when compared to lower doses of rosuvastatin or comparator statins, though it was generally transient and was not associated with worsening renal function. (See PRECAUTIONS, Laboratory Tests.) Other abnormal laboratory values reported were elevated creatinine phosphokinase, transaminases, hyperglycemia, glutamyl transpeptidase, alkaline phosphatase, bilirubin, and thyroid function abnormalities. Other adverse events reported less frequently than 1% in the rosuvastatin clinical study program, regardless of causality assessment, included arrhythmia, hepatitis, hypersensitivity reactions (i.e., face edema, thrombocytopenia, leukopenia, vesiculobullous rash, urticaria, and angioedema), kidney failure, syncope, myasthenia, myositis, pancreatitis, photosensitivity reaction, myopathy, and rhabdomyolysis. **Postmarketing Experience:** In addition to the events reported above, as with other drugs in this class, the following event has been reported during post-marketing experience with CRESTOR, regardless of causality assessment: very rare cases of jaundice. **OVERDOSE:** There is no specific treatment in the event of overdose. In the event of overdose, the patient should be treated symptomatically and supportive measures instituted as required. Hemodialysis does not significantly enhance clearance of rosuvastatin. **DOSAGE AND ADMINISTRATION:** The patient should be placed on a standard cholesterol-lowering diet before receiving CRESTOR and should continue on this diet during treatment. CRESTOR can be administered as a single dose at any time of day, with or without food. **Hypercholesterolemia (Heterozygous Familial and Nonfamilial) and Mixed Dyslipidemia (Fredrickson Type IIa and IIb):** The dose range for CRESTOR is 5 to 40 mg once daily. Therapy with CRESTOR should be individualized according to goal of therapy and response. The usual recommended starting dose of CRESTOR is 10 mg once daily. However, initiation of therapy with 5 mg once daily should be considered for patients requiring less aggressive LDL-C reductions, who have predisposing factors for myopathy, and as noted below for special populations such as patients taking cyclosporine, Asian patients, and patients with severe renal insufficiency (see CLINICAL PHARMACOLOGY, Race, and Renal Insufficiency, and Drug Interactions). For patients with marked hypercholesterolemia (LDL-C >190 mg/dL) and aggressive lipid targets, a 20-mg starting dose may be considered. After initiation and/or upon titration of CRESTOR, lipid levels should be analyzed within 2 to 4 weeks and dosage adjusted accordingly. The 40-mg dose of CRESTOR is reserved only for those patients who have not achieved their LDL-C goal utilizing the 20 mg dose of CRESTOR once daily (see WARNINGS, Myopathy/Rhabdomyolysis). When initiating statin therapy or switching from another statin therapy, the appropriate CRESTOR starting dose should first be utilized, and only then titrated according to the patient's individualized goal of therapy. **Homozygous Familial Hypercholesterolemia:** The recommended starting dose of CRESTOR is 20 mg once daily in patients with homozygous FH. The maximum recommended daily dose is 40 mg. CRESTOR should be used in these patients as an adjunct to other lipid-lowering treatments (e.g., LDL apheresis) or if such treatments are unavailable. Response to therapy should be estimated from pre-apheresis LDL-C levels. **Dosage in Asian Patients:** Initiation of CRESTOR therapy with 5 mg once daily should be considered for Asian patients. The potential for increased systemic exposures relative to Caucasians is relevant when considering escalation of dose in cases where hypercholesterolemia is not adequately controlled at doses of 5, 10, or 20 mg once daily. (See WARNINGS, Myopathy/Rhabdomyolysis; CLINICAL PHARMACOLOGY, Special Populations, Race, and PRECAUTIONS, General.) **Dosage in Patients Taking Cyclosporine:** In patients taking cyclosporine, therapy should be limited to CRESTOR 5 mg once daily (see WARNINGS, Myopathy/Rhabdomyolysis, and PRECAUTIONS, Drug Interactions). **Concomitant Lipid-Lowering Therapy:** The effect of CRESTOR on LDL-C and total-C may be enhanced when used in combination with a bile acid binding resin. If CRESTOR is used in combination with gemfibrozil, the dose of CRESTOR should be limited to 10 mg once daily (see WARNINGS, Myopathy/Rhabdomyolysis, and PRECAUTIONS, Drug Interactions). **Dosage in Patients With Renal Insufficiency:** No modification of dosage is necessary for patients with mild to moderate renal insufficiency. For patients with severe renal impairment ($CL_{CR} < 30$ mL/min/1.73 m²) not on hemodialysis, dosing of CRESTOR should be started at 5 mg once daily and not to exceed 10 mg once daily (see PRECAUTIONS, General, and CLINICAL PHARMACOLOGY, Special Populations, Renal Insufficiency).

NOTE: This summary provides important information about CRESTOR. For more information, please ask your doctor or health care professional about the full Prescribing Information and discuss it with them.

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Reading and Math Add Up

Could all that homework finally be paying off? Three decades of data from the long-term National Assessment of Educational Progress tests show that 9-year-olds scored higher in both reading and math last year than at any time since the early 1970s, and 13-year-olds had their best-ever showing in math. Alas, while the younger ones are stepping up to the plate, older teens' test results have been flat.

● Other key findings:

Minority students are gaining on their white peers, and more 17-year-olds are signing up for calculus and algebra 2—which experts hope will bump up math scores.



RUNNING OF THE BULLS. A runner leads a bull into the bullring last week at Pamplona, Spain's annual San Fermin Festival, where hundreds of revelers from around the globe raced with—and from—frisky bulls.

Ahhhnold Flexes His Writing Muscles

California Gov. Arnold Schwarzenegger is in hot water for a consulting job

as executive editor of *Muscle & Fitness* and *Flex* magazines. Critics say the former bodybuilder turned politician should ditch the outside job, which paid at

least \$5 million over five years, according to records filed last week with the Securities and Exchange Commission. The reason: The magazines accept megabucks' worth of ads from dietary supplement makers—a percentage of which pays Schwarzenegger's fee. Critics say it's a conflict of interest, noting the gov's veto last year of legislation discouraging high school athletes from using performance-enhancing aids. A Schwarzenegger spokesman denied a conflict to the Associated Press.

● *But given sagging poll numbers, one might wonder whether the gig's really worth the headache, not to mention the \$5 million, a mere pittance compared with the \$30 million Mr. Pumping Iron reportedly earned for his last movie role.*

PEOPLE

Doggedly Adapting

Veteran journalist and avowed cat lover Emily Yoffe was forced into dog ownership when her only daughter tearfully proclaimed, "Dogs are my life." As the human guinea pig for *Slate.com*, Yoffe was already accustomed to turning humiliating experiences (performing as a street mime, entering the Mrs. District of Columbia contest, and singing solo at a high school recital) into episodes of entertaining exhibitionism. Her book *What the Dog Did: Tales From a Formerly Reluctant Dog Owner* begins with an end as Yoffe pulls the strap of her favorite bra out of her adopted beagle's butt.

Shortly after adopting Sasha, you put all the animals in your house on Prozac.

It was either me or them. The animals were in extreme distress, and the cats were having bloody stool from the stress. I'm a strong believer in pharmacology when necessary.

What advice do you have for someone getting a dog?

First, quit your job; that will make things much easier. I'm a big believer in rescuing a

dog, and I have a lot of friends with wonderful pound dogs.

You write a regular feature for *Slate* as the human guinea pig. Does that position make you feel closer to animals?

It makes me feel closer to mentally unstable people maybe. I don't think that animals get embarrassed the way that we do, and it's made me put aside the normal human desire to preserve some shred of dignity.

Why'd you let your beagle, Sasha, continually pee in your bed?

Here's the thing about dogs—they're so consuming, and they bring out this maternal feeling. I knew she should be in the crate because she wasn't housebroken, but she didn't like being in the crate. And she's got these huge beagle eyes looking out at you from behind the bars at Alcatraz, and I thought, "How can I do this to her?"

Is Sasha house trained now?

... Partially.

After reading your book, I decided never to get a dog. Are you just a cat person, masquerading as a dog convert in order to disseminate anti-doggist views? No, no, no! I'm still a cat person, but on a day-to-day basis, you don't reach the same intensity that you have with a dog. Most books about dogs are so sentimental. I'm trying to show the whole picture.

—Caroline Hsu

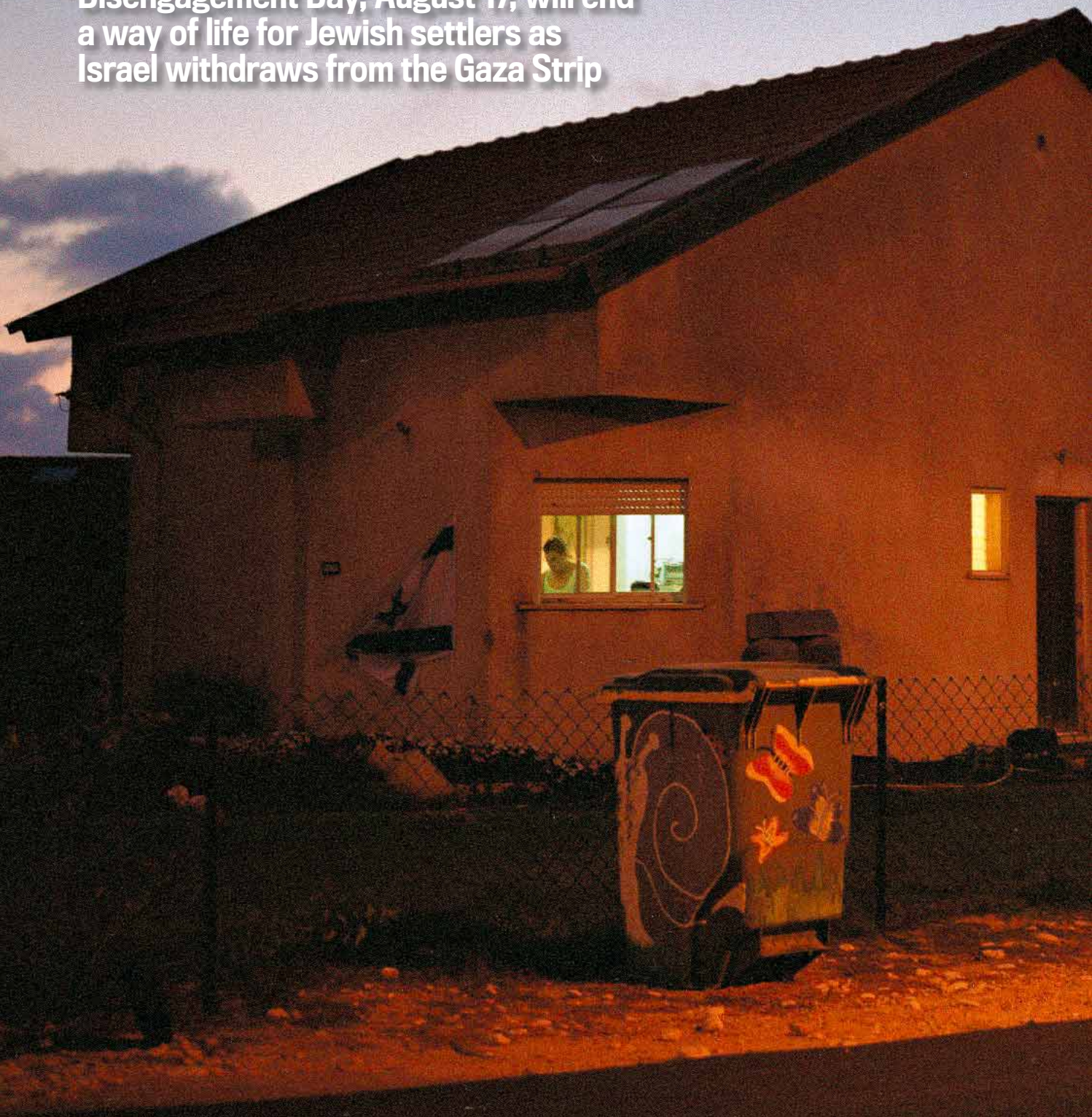


SAMANTHA REINDERS FOR US&WR

Nation & World

SETTLERS' SU

Disengagement Day, August 17, will end
a way of life for Jewish settlers as
Israel withdraws from the Gaza Strip

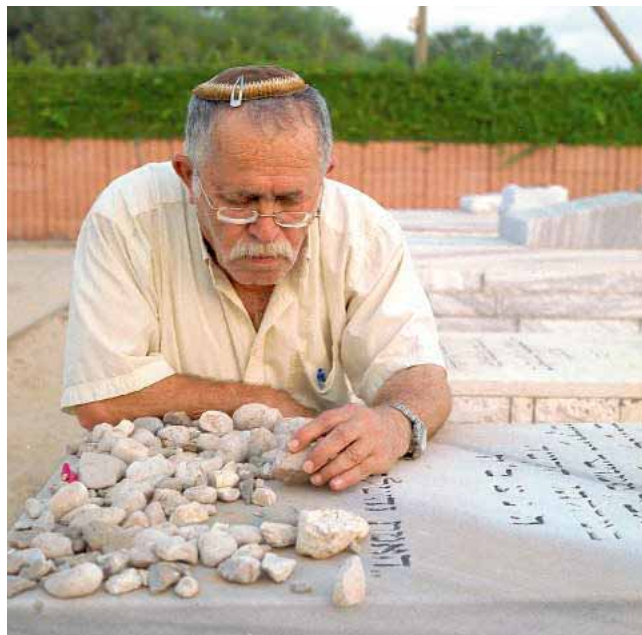


NSET

By Larry Dorfner

GANEI TAL SETTLEMENT, GAZA STRIP—When Michael and Rivka Goldschmidt and their two young sons moved here in 1977 “to be pioneers in the land of Israel,” as Rivka puts it, they lived like modern pioneers—in a tiny, spartan bungalow on the barren sand dunes, with the smell of the nearby Mediterranean Sea in the air. Today, the air smells the same, but the Goldschmidts live with their two younger daughters in a warm, inviting two-story house with a spacious garden. Rivka, 54, is a junior high school English teacher, and Michael, 56, grows gorgeous red amaryllis flower bulbs in his hothouse farms for the European market.

The Goldschmidts clearly love their life here—a life that within weeks will be destroyed. Their house and farm, like the homes, businesses, and schools of their 8,000 settler neighbors, will be bulldozed to rubble. All these Israelis—most of them deeply religious, all of them nationalistic and strongly tied to the land—will be uprooted and forced to start their lives over somewhere else as Prime Minister Ariel Sharon takes the historic step of ending Israel’s embattled, 38-year occupation of the Gaza Strip.



HOME. Evening at Ganei Tal, a Gaza settlement established in 1979. Above, Shlomo Yulis at his son’s grave, which will be moved to Israel

“I’m not going to break the law,” says Rivka, her jaw firmly set, “but if they want me to leave this place, my home, my family’s home for 28 years, they’re going to have to drag me out of here.”

Israel’s upcoming “disengagement” from Gaza and some tiny settlements in the even more sparsely settled upper West Bank is dividing this ancient, biblical land like few travails in its modern history. The Israeli heart is with the settlers, with their trauma of mass eviction, and with the dogged, pioneering Zionism they symbolize. The Israeli head, however, is with the bulldozers. After 38 years during which Israeli soldiers killed and died to hold on to this slice of desert with a beach, the demographics are demoralizing: Eight thousand Jews live in prosperous, heavily fortified Gaza enclaves surrounded by 1.4 million desperately poor Palestinians.

Late in life, the 77-year-old Sharon, formerly the settler

movement's master builder, has changed course abruptly. "We had a dream to create a Jewish state on all of the land of Israel," he said recently, "but, regretfully, we can't fulfill it." Sharon acknowledges that his heart, too, is with the settlers, but in his lonely, determined campaign to redraw his country's borders and reroute its future, the old warrior is leading with his head.

And so on August 17, Disengagement Day, Sharon will send 43,000 Israeli soldiers and police to remove die-hard settlers from the 21 Gaza settlements and the four in the West Bank. Except for the synagogues, which will be carefully dismantled and rebuilt elsewhere, Army bulldozers will destroy everything—houses, farms, shops, schools, government buildings—before turning the land over to the Palestinians. Army chaplains will oversee the delicate excavation of the graves of the settlers'

loved ones for reburial in Israel proper. Many residents will go quietly—many, indeed, are expected to be gone, relocated, before the troops and bulldozers arrive—but others have vowed to stay and fight. A wrenching spectacle of Jews fighting Jews is almost certain—with some settler leaders urging religious soldiers, especially those from the West Bank, to defy military orders.

This showdown has been brewing for two generations, ever since that day in 1967 when euphoric Israelis looked up and saw that they had defeated their Arab enemies

and conquered lands where their biblical ancestors had lived—even though only Palestinians were living there on that day after the Six-Day War. Today, the great majority of Israelis want out of that conquered land—the West Bank (or, by its biblical name, Judea and Samaria) and the Gaza Strip. They want to leave all of Gaza and much of the West Bank to the roughly 3.5 million Palestinians. They've come to realize that they can't have a Jewish state with so many Palestinians in their midst, nor can they have a democratic or peaceful country so long as their Army is ruling a hostile, subject nation.

First to go. Separating from the Palestinians, however, involves more than withdrawing Israeli soldiers. It means eventually forcing tens of thousands of Jewish settlers out of their homes—out of houses built on the land they believe God promised to the Jews alone, houses built in defiance not only of several moderate but weak-willed Israeli governments but of fanatic Palestinian guerrillas fighting to win back that land.

Up to now, no Israeli government has removed a single Jewish settler from the West Bank or Gaza. To end Israel's military occupation completely and allow Israelis and Palestinians to finally live separately—the wish of most Israelis and Palestinians alike—some 70,000 Israeli settlers in all would have to be uprooted. (The remaining 170,000 or so





FINAL DAYS IN THE GAZA STRIP. Jewish settlers erect temporary housing on a Gaza beach. Ora Lisha, 5, displays the remains of the Palestinian-fired Kassam rocket that hours earlier hit her home's reinforced concrete roof. Left, personal belongings left behind by a settler family that has moved out before Israel's official withdrawal from all of the Gaza Strip and four West Bank settlements.

settlers in the West Bank live in large settlement blocs adjoining Israel; expectations are that in a future peace agreement, these areas would be ceded to Israel as part of "land swaps" with the Palestinians.) This would take years, and no one knows if Sharon is prepared to do it—or if, at his age, he would even get the opportunity.

But by uprooting these first 8,500 settlers (including 500 from the West Bank), Sharon is setting a historic precedent that threatens to dangerously widen divisions among Israelis. The social rift is marked on the streets by the colors orange and blue—orange for supporters of the settlers, who chose the color in imitation of Ukraine's successful people-power movement; and blue, the national color, for supporters of disengagement. Displayed mainly in ribbons flying from car antennas, but also on T-shirts, caps, placards, and flags, the orange is swamping the blue, even though polls show the public favoring disengagement 2 to 1. Since the failure of the Oslo peace process and the outbreak of the now faded Palestinian intifada nearly five years ago, the peace camp has been largely dormant while the right has had the political visibility. For months, thousands of right-wing, religious youth have been running onto major high-

Is the withdrawal in Israel's best interest or, as critics charge, a "prize for terror"?

ways, burning tires and tying up rush-hour traffic until police come to drag them off.

The protests have gone beyond sit-ins on highways to threaten violence, and the fear in Israelis' minds is of a reprise of disasters like the 1994 massacre of 29 Palestinians at prayer in Hebron and the following year's assassination in Tel Aviv of Prime Minister Yitzhak Rabin—both acts carried out by Israeli extremists opposed to giving up land to the Palestinians. The discovery of apparent bombs forced the evacuation of Jerusalem's central bus station and Tel Aviv's main train station, until authorities found notes attached to the objects reading, "The disengagement will blow up in your faces."

Provocations. The police and the Army have come under heavy media criticism for being too indulgent of anarchic protesters, but, as Disengagement Day approaches, the troops are becoming more resolute. For three days, they stood by and did nothing as a couple of dozen teenagers, many from radical West Bank settlements, chased a Gaza Palestinian family out of its three-story home by the sea and took it over. They exchanged volleys of rocks with Palestinian protesters nearby, inciting them with a giant banner reading, "Mohammed is a pig." They defaced walls with graffiti including, "Sharon, we'll murder you, too." Standing among the Palestinian crowd on the next-door porch, Mahmoud Abdel Hadi, an unemployed father of nine, was asked if he believed Israel would ever leave Gaza as promised. "Look at that," he replied, "they can't even get rid of 10 or 20 kids, so how are they going to get rid of 8,000 people?"

By sundown, though, the young Israeli marauders were being carried out by strikingly large policemen and pushed into buses en route to jail. That evening, as TV footage of the attempted "lynching" of the Palestinian boy shocked Israeli viewers, Sharon was reported to have told security officials, "We cannot allow gangs to undermine the country. We have to act with an iron fist against hooligans." The next day, the



LIFE IN GAZA CITY. Palestinian boys fly a kite from a rooftop. The Gaza Strip, twice the size of Washington, D.C., holds 1.4 million Palestinians.

Army closed the Gaza Strip to outsiders and began repairing the badly damaged Palestinian home, while several hundred police raided a Jewish-owned hotel to clear out scores of radicals threatening to turn the place into a modern-day Masada.

Settler activists, however, refuse to believe that their cause is lost. Arye Yitzhaki, the squatters' elder statesman and tactician, claims that the hotel raid was actually a victory for his side. "The Army gave away its tactics; we learned how they operate," insists the 60-year-old historian, a Gaza resident for 22 years. "I have no doubt at all that the disengagement is going to fail, because we're going to stop it."

While the settlers' means and ends are opposed by Israel's pragmatic majority, there is widespread public sympathy—and even guilt feelings—toward them as people, as parents and children being evicted from their homes and forced to start their lives over. As Rivka Goldschmidt recounts, "Michael said to me, 'What do they expect me to do, start over again from scratch?'" The state Disengagement Administration has steadily upped its financial compensation offers, which now stand at about \$150,000 to \$400,000 per family.

Sharon's plan. Maybe the unkindest cut for the settlers is that Sharon, of all people, is bringing this destruction. None of them seem to take the crafty prime minister at his word—that ruling Gaza and the upper West Bank by military force threatens Israel's Jewish and democratic character, and that if Israel doesn't relinquish land on its own terms, the world will force it to do so on much harsher terms. To rightist critics who charge that disengagement is a "prize for terror"—and many Palestinians do claim disengagement as a victory for the intifada—Sharon replies that any attempt to attack Israelis during or after withdrawal will be met with crushing reprisals.

While the Palestinians will inherit Gaza and the upper West Bank, they are not necessary to the transfer of title; they are es-

entially bystanders. And the Bush administration is more or less watching this unfold on Sharon's terms—although President Bush has promised to help defray the high cost of disengagement; Israel is seeking \$2.2 billion. By backing Sharon's plan as a concrete step toward ending the Israeli occupation that so vexes the Muslim world and Europe, the administration is going a long way toward guaranteeing its implementation. For Sharon and the rest of the Israeli leadership, failure is just not an option, if for no other reason than that Israel cannot afford to break a promise of such consequence to its indispensable ally, the United States.

Hanan Porat, however, foresees "great surprises." He was one of the handful of Israelis who went to live in the first West Bank settlement, Kfar Etzion, three weeks after the Six-Day War. At 61, driving to Gaza to encourage the settlers there, Porat says, "With God's help, we will do everything in our power—without using violence, of course—to see that this cursed plan fails." A teacher of Judaism, he was imbued two generations ago with the religious settler movement's animating faith—that Israel's conquest of Judea, Samaria, and Gaza were part of God's plan, as spelled out in the Torah, to return the Jewish people to the Promised Land in preparation for the coming of the messiah. Porat, a former Knesset member, is realistic about the short term: He knows that the initial 25 settlements targeted could fall to the bulldozers and the resulting political momentum could spell the end of many others. This would be a "mark of Cain" on Israel, he says, but only temporarily—it wouldn't derail the plans of God or the settlers. "The Jews are God's partners in this process, and if we act foolishly, if we do not act according to God's will, it can cause delays, it can cause a lot of unnecessary suffering. But what is written is what will be," he says. "We will never give up."

Thus, the confrontation line dividing the Jews of Israel is drawn for Disengagement Day—and beyond. ●



Secretary of State
Condoleezza Rice,
arriving in Beijing

IF IT'S TUESDAY...

Secretary of State Rice keeps up a record travel pace

By Thomas Omestad

THIRTY-FIVE THOUSAND FEET OVER CHINA—Condoleezza Rice likes to say “the time for diplomacy is now.” For George Bush’s second-term secretary of state, now is also the time for travel.

As she approaches the halfway point of her first year in office, Rice has logged more miles (152,231) and alighted in more countries (35) than any previous secretary of state in the same period of time. Her four-nation swing through Asia, which ended last week, netted an elusive diplomatic goal: bringing North Korea back into six-nation talks to eliminate its nuclear-weapons programs. “It turned out,” Rice remarked on the way home on her Air Force Boeing 757, “to be a very good time . . . to come to Asia.”

Rice jettied off from Andrews Air Force Base near Washington at midday July 8, and over the next 124 hours, she flew 18,826 miles over 43 hours; made three refueling stops; took two helicopter rides; participated in meetings in China, Thailand, Japan, and South Korea; watched children sing and dance; and repeatedly performed the ritual grip-and-grin. If it was Tuesday, it must be

Japan—and South Korea, too. The pace was felt by all. “The worst sleep I ever had,” muttered one staffer after an overnight flight.

And yet, the sleep deprivation proved worthwhile. At the start, Rice said her trip aimed to “bring together all of these strands” of diplomatic activity to draw mercurial North Korea back to the negotiating table. As she arrived in Beijing on a Saturday night, Rice got word that an aide had just received Pyongyang’s pledge to return to negotiations the week of July 25—with the avowed goal of complete denuclearization.

Checking in. Rice seems to have taken to heart the criticism of her friend and mentor, Colin Powell, who, some charge, stayed in Washington too much while relations with friends abroad frayed. She also enjoys a special advantage: Every foreign leader she meets knows she is Bush’s close friend—and unquestionably speaks for him on foreign policy. Gone are the days of doubting State Department pre-eminence in foreign policy.

Once known as a foreign-affairs realist, Rice has absorbed her boss’s more moralistic mission of spreading democracy and misses few chances to tout its blessings. In undemocratic China, she

pointedly turned her reply to a question on U.S. troops in Afghanistan into a tribute to that country’s young democracy. Advisers say that Rice’s thinking evolved after 9/11 to see democracy as the antidote to violent extremism.

That’s not all that’s changed. As national security adviser, she was chided by some for keeping a low profile in policy battles between the State and Defense departments. Yet in her first six months as secretary, Rice has asserted herself not only on North Korea but on Iran’s nuclear programs, Sudan’s ethnic violence, and relations with Europe. By instinct a bit formal in public settings, Rice, 50, is now demonstrating that she can loosen up at times. In a sweltering Thai coastal village hit by last December’s tsunami, the former professor led schoolchildren, some orphaned, in the “ABC” song, swinging her arms to keep them in sync.

The visit to Ban Bang Sak lasted only 41 minutes, but it allowed her to project a softer image of America than the one that has fueled anti-Americanism through the Bush years. “That’s what America is all about,” she proclaimed, referring to the American volunteers and donations restoring the village and school. “I’m here in Thailand to show how much the United States cares about Southeast Asia.”

She won’t have to wait long to show she cares about other areas, too. This week, she hits sub-Saharan Africa. Then it’s on to the Middle East. Too bad the Air Force doesn’t give frequent-flier points. ●

ON THE TERRORISTS' TRAIL

From London to Cairo to North Carolina—investigators are scooping up clues

By David E. Kaplan and Thomas K. Grose

The trail of evidence in Britain's worst postwar attack begins at least 20 feet below the surface, in three hellish tubes of twisted metal, body parts, dust, and rats. Since the July 7 London subway bombings, investigators have labored painstakingly to preserve these crime scenes, working in tunnels where temperatures have soared to 140 degrees. They are grisly sites. Even the dead, before they are removed, must be treated as evidence, their bodies searched for bomb fragments, blast residue, and identifying papers.

The British are displaying the stiff upper lip they are deservedly famous for, getting on with life in London even as the toll has climbed to 54 dead and 700 injured in western Europe's first act of suicide terrorism. But the nation's investigators have been working overtime, pouncing on leads that might either nab the group's accomplices or fend off new attacks. The trail leads from the subway trains to a fourth bomb site—a double-decker bus hit an hour later—to the bombers' suburban homes and, now, overseas, to a Pakistan jihadist group, a Cairo jail, and a North Carolina university. As British authorities sift through thousands of leads, counter-terrorism experts warn that the hunt may be a long one. "Often there's no real golden nugget, no piece of evidence that brings it all together," says Neil Herman, who ran the FBI's probe into the 1993 World Trade Center bombing. "You're talking about fragments that are scattered over different crime scenes—a seemingly endless stream of evidence."

Key to these investigations are the bombs themselves. Officials are hauling away tons of debris from the Lon-

don Underground, sifting through the rubble in an effort to re-create the bomb devices: the timers, detonators, batteries, wiring—anything that might point to a manufacturer or a known technique. The bomb type will then be checked against a database of thou-

British shoe bomber Richard Reid.

Key may be the placement of the bomb. A casualty on the No. 30 bus had his head ripped cleanly off—a telling sign of a suicide bomber. From long experience in Israel, investigators know that those holding explosives close

to their chest will suffer horrendous damage to their torsos, but their heads and limbs will typically be blown clear. In this case, the remains matched the description given by a distraught mother from Leeds, in northern England, who called police to report missing her 18-year-old son, Hasib Hussain. He had told his family he was going to London to visit friends. That was the break police needed, and it came within a day of the attack.

"Burning with fear." Much of London is under constant surveillance—at least a half-million closed-circuit video cameras routinely scan the city. Armed with Hussain's photograph, a team of detectives set to work searching for the young man on dozens of tapes shot at King's Cross Station, the subway hub from where the three bombed trains departed. Four days after the attack, the team struck gold: Not only was Hussain spotted on the tapes; he was with three other young men—all of them were carrying backpacks. The quartet appeared on camera at 8:30 a.m., about 20 minutes before the subway bombs exploded. They looked relaxed as they talked and laughed among themselves before setting out in four different

directions. "You would think they were going on a hiking holiday," one official told the British press.

Investigators struck early the next morning in a series of six raids near Leeds, including the homes of three of the bombers. At one house, police discovered a possible bomb factory, with chemicals piled in a bathtub. At another



One of the alleged bombers, caught on security tape

THE SUSPECTS

SHEHZAD TANWEER.

Age 22, from a well-to-do family in Leeds. Boasted a degree in sports science and had spent months studying the Koran in Pakistan.

HASIB MIR HUSSAIN.

Age 18, the son of a factory worker in Leeds. An avid cricket fan, he grew a beard and turned devoutly religious 18 months ago after a trip to Pakistan.

MOHAMMED SIDIQUE KHAN.

Age 30, a university graduate who worked as a teaching assistant at a primary school in Leeds. Married with a toddler and a pregnant wife.

LINDSEY GERMAINE.

A Jamaican-born Muslim convert in his 30s from the southern town of Aylesbury. The only suspect not of Pakistani descent.

Sources: police and news accounts

sands of explosive devices. Another priority is the explosive. Investigators have gathered the blast residue and identified at least one component, triacetone triperoxide (TATP), a U.S. law enforcement official tells *U.S. News*. TATP is a high explosive favored by homemade bomb makers, used by suicide attackers in Israel, and in 2001 by



LOOKING FOR LEADS. Investigators scour the area around Tavistock Square, where the double-decker bus blew up, seeking the slightest clues.

er home, authorities arrested a 29-year-old male relative of one bomber who was whisked to London for questioning. The trail led, as well, to an explosives-laden rental car parked at the Luton railway station, north of London, where the group apparently assembled before heading to King's Cross.

Police theorize that the four men had planned to form a "burning cross" pattern across London, as each headed to a different compass point on the Underground. (Delays on the Northern Line may have prompted one bomber to hop the No. 30 bus.) The theory ties into a statement put out by the Secret Organization Group of al Qaeda of Jihad Organization in Europe, which claimed responsibility for the attacks. It read: "Britain is burning with fear, terror, and panic in its northern, southern, eastern, and western quarters."

"Clean skins." The four dead suspects raise a host of troubling questions. Unlike America's 9/11 hijackers, who were all Arabs from abroad, the London bombers were all British citizens. Indeed, at least three had

grown up in Britain and came from middle-class backgrounds. None had terrorism files or major police records. They were, in the parlance of the security world, "clean skins"—an ideal terrorist sleeper cell. How many other clean skins are out there? U.K. intelligence officials have given Prime Minister Tony Blair estimates of as many as 200 Islamists in Britain who are willing to detonate bombs. John Stevens, former commissioner of London's Metropolitan Police, says up to 3,000 British residents "passed through" al Qaeda training camps.

Equally troubling is who's behind the four terrorists. "There's a whole other set of individuals that either assembled the devices, set up the residences where they were built, delivered them, or paid for the operation," says Herman, the former FBI investigator. "These are the more sophisticated people who flew in and may have escaped." Indeed, British police say they're searching for a fifth man who may be the plot's mastermind, while Cairo police have nabbed a sixth suspect, Magdy el-Nashar, a 33-year-old Egyptian chemical engineer who studied at Leeds University and North

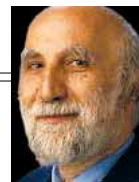
Carolina State University. Another connection leads to Pakistan, where at least one bomber may have had contact with Lashkar-e-Taiba, a jihadist group allied to al Qaeda. Authorities will be going back months, even years, into the suspects' lives, checking their past associations. Says one counterterrorism veteran: "This investigation is just getting underway." ●

*With Chitra Ragavan
and Aamir Latif in
Pakistan*



HONORING THE VICTIMS. A week after the attacks, a moment of silence in London

By Fouad Ajami



Within the Gates

THE WHOLE ARAB WORLD WAS DANGEROUS for me; I went to London," an Egyptian Islamist, Yasser Sirri, a man 41 years of age, with three convictions against him in his native land, recently said of his decision to move to England. An opponent of the autocracy of President Hosni Mubarak, Sirri had initially fled to Yemen, then to Sudan. He found refuge in London, where he runs an "Islamic observation center" and carries on with the "holy struggle" against "ungodly" Arab regimes and their supporters in the West.

The Islamists are now within the gates. They fled the fires and the terrors of the Arab-Islamic world but brought ruin with them. This new Islamism mocks the borders of nations and the very idea of nationality. "We may carry their nationalities," a Wahhabi preacher decreed recently, "but we belong to our religion." The geography of Islam has altered. A religion of Afro-Asia has migrated westward. It arrived in Europe, timid at first, carried by migrants glad to escape the failing lands of the Islamic world. Then the migrants were joined, in the 1980s, by preachers and militant men who had fought and lost cruel, bloody wars against the regimes in Syria, Egypt, Algeria, Tunisia, and other despotic lands. These plotters were merciless men; they had been shown no mercy in their native lands. They hated the West but were drawn by its magnetic power. There were liberties in western Europe to be used, and welfare subsidies, and laws against extradition. There were the new technologies—developed by "infidels" but available to the holy warriors. It was easy for the preachers of hate to find foot soldiers in Amsterdam, Antwerp, London, and the suburbs of French cities. There were second-generation children who were in no man's land, on the fault line between the civilization of Islam that they did not know and the civilization of the West to which they did not fully belong.

These lands in the West were *bilad al-kufr*, lands of infidelity and unbelief. In these new extensions of Islam, London was the most accommodating of cities. It was there that the big Arabic newspapers, denied oxygen by the repressive regimes of

Araby, were published. And it was there that men and women from Arab and Islamic lands built new lives, free to live the life of the faith. The terrorism against London is thus a singular act of betrayal.

A fanatic London-based preacher from Syria by the name of Omar Bakri Muhammad tells the tale of this great betrayal. A man of Aleppo, Bakri fled his native Syria in the 1980s and turned up in England in 1996. Since then, he has given his host country nothing but grief and sorrow, calling openly for "holy war" against the West, exhorting young Muslims of Britain to join the insurgency in Iraq. He hailed the death pilots of 9/11 as the "magnificent 19 who changed the world," and he called on Muslims to give the "infidels a 9/11 day after day after day."

"Eurabia." The vulnerability of Europe to the furies of this malignant Islamism is a defining feature of its contemporary life. There are the young men "next door" in Leeds and Madrid, and there are the burning grounds of the Middle East and North Africa hurling their disinherited young people across the Straits of Gibraltar to an aging European continent. We are not in "Eurabia" yet; that great city is still London and not "Londonistan," and no reverse *reconquista* of the Iberian peninsula by the Moors of North Africa looms on the horizon. Still, liberty is not a suicide pact. We should be done with the search for "explanations" that dignify the hatreds, that attribute them to western deeds and policies. We should see the new hatred dressed in religious garb for what it is: a war against the very order of contemporary life. A man of Moroccan origin, Muhammad Bouyeri, who killed

the Dutch filmmaker Theo van Gogh, shot him, then slit his throat, and with his knife attached on his body a message of unadorned barbarism. "I knew what I was doing," Bouyeri said. "I slaughtered him."

It would have been nice to think that in the new lands of the West, a more tolerant version of Islam might have taken root. Instead, a neurotic zealotry has made its appearance. In Scotland the leaders of the industrialized world had assembled to discuss disease and poverty. Then a more deadly animus struck, reminding all of us of more atavistic furies still on the loose. ●

The vulnerability of Europe to the furies of this malignant Islamism is now a defining feature of its life.



Cleric Abu Hamza al-Masri (left), at London's Finsbury Park Mosque



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THE POLITICS OF FAITH

Democrats kick off a multifront campaign to connect with religious voters

By Dan Gilgoff

Just because Democratic Party Chair Howard Dean got in hot water last month for calling the Republicans “pretty much a white, Christian Party” doesn’t mean he’s not hunting for white, Christian votes. At a meeting last week with liberal evangelical preacher Jim Wallis—which began with a prayer led by Dean’s chief of staff, who is a Pentecostal minister—Dean drilled the anti-abortion Wallis on how to make party rhetoric on abortion rights more values-friendly. “Nobody is pro-abortion,” Dean said, according to a party official. “But do you want the government telling you what to do in your personal life?”

Dean is doing more than tinkering with the party line; he’s spearheading a new campaign to woo religious voters. There’s been so much outreach to religious groups in his five months at its helm that the Democratic National Committee hired an experienced Capitol Hill aide last week to help manage the effort. Congressional Democrats, meanwhile, have stepped up consultations with religious leaders. After taking a hit among “values” voters in the last election, Democrats are strategizing on how to play up what they call the moral—and in some cases biblical—underpinnings of their political convictions. Complementing the official effort is a crop of new, religiously affiliated advocacy groups. “Democrats had [thought] it a bit unseemly to wear your religion on your sleeve,” says South Carolina Rep. James Clyburn. “But those of



Howard Dean meets with Senate Democratic leader Harry Reid. Right, staffers of Jim Wallis's journal, *Sojourners*, at prayer.

us who’ve been walking the walk . . . have decided it’s time to talk the talk.” The success of that effort could determine whether Democrats start winning elections again.

Big Bibles. After the 2004 election, polls showed that evangelical Christians constituted nearly a quarter of the electorate and that they voted for President Bush over Democrat John Kerry by almost 4 to 1. Kerry, a Roman Catholic, lost the Catholic vote, too—by 56 to 43 percent among white Catholics. Democratic polling conducted last month

found that roughly half of American voters are influenced as much by their faith as by any other issue in casting their ballot—and that those voters are breaking Republican. “We’re dealing with a serious block of people,” says a DNC official, “not just crazies with big Bibles.”

But the polling also suggests that religious voters are among the most economically vulnerable, making them potential Democratic supporters. So Democrats are dressing positions in “values” lingo. “We see Social Security as a faith-based program,” says Clyburn,

The Man in the Middle

Since last fall’s election, he has toured the talk-show circuit and addressed the House and Senate Democratic caucuses. He has had deep theological talks with Sen. Ted Kennedy. Just last week, he met with Democratic Chair Howard Dean for their first

in-depth chat; the same day, he sat down with Sen. Hillary Clinton, a longtime friend. But Jim Wallis is no fundraiser or political operative. Perhaps more than anyone else, he’s the man Democrats are counting on to help them connect with religious “values” voters.

“Democrats realized they ceded the entire territory of religion and values to Republicans,” says Wallis, 57, author of the recent best-seller *God’s Politics: Why the Right Gets It Wrong and the Left Doesn’t Get It*. “They’ve woken up and are trying to deal with it.”

Wallis’s day job—besides editing *Sojourners*, a journal of social justices is—

sues—is serving as president of Call to Renewal, a coalition of religious anti-poverty groups. “He knows when you go through the Bible,” says former Sen. John Edwards, “there are more references about our responsibility to those who live in poverty than on some issues the Republicans use to divide us.” Wallis’s advice to Democrats: “If you want

chair of the new Democratic Faith Working Group. "It's about taking care of widows and orphans." And some Democratic staffers are scanning the political statements of relatively liberal mainline Protestant denominations for language cues. "Look at Bush's speeches, how they

But Democrats and their advisers stress that the values offensive will backfire if it comes across as phony. "If Dean is not a person of faith, he should not talk like one," says Wallis, noting that the former presidential candidate, a member of the liberal Congregational-

fewer abortions and by asserting that the "primary reason teenage girls abstain [from sex] is because of their . . . moral values." In Pennsylvania, the national party is plugging antiabortion Bob Casey Jr. to challenge Sen. Rick Santorum next year. Casey's father—former Gov. Robert Casey—was blocked from speaking at the 1992 Democratic convention because of his antiabortion views.

Poverty. But the Democrats' polls suggest that most religious voters rank issues like child poverty above same-sex marriage and abortion. A recent presentation by the liberal National Council of Churches enlisted Democratic House members in promoting a computer program that helps poor people identify sources of federal assistance. "Let's not talk about this as political strategy," says McCurry. "My constant admonition is 'Talk less; do more.'"

A handful of new advocacy groups are talking and doing. A weekly planning conference call among progressive religious leaders hosted since last fall by the Center for American Progress, for instance, is now spinning off into a stand-alone group, the Faith and Public Life Resource Center.

Of course, the religious left is dwarfed by conservative groups like Focus on the Family, which has a mailing list of more than 3 million. And as the Democrats reach out to religious voters, they could risk alienating parts of their base, like Hollywood and pro-choice voters. "With all due respect to Jim Wallis . . . I don't want an evangelical progressive movement," National Organization for Women President Kim Gandy told an audience of liberal activists recently, "any more than I want the conservative one we have right now."

So making the Democratic tent big enough for religious voters won't be easy. But given last fall's election results, the party would seem to have little choice. ●



pick up on key phrases straight out of the evangelical tradition," says an aide to House Minority Leader Nancy Pelosi. "They're like clarion calls."

Pelosi convened the Democratic Faith Working Group earlier this year, hosting guests like Wallis and Mike McCurry, an active Methodist who was Bill Clinton's press secretary. Senate Minority Leader Harry Reid is about to launch a new website called "A Word to the Faithful," promoting events like a "faith summit" he has organized in Las Vegas next month.

ist Church, mistakenly said in a campaign appearance that the book of Job was part of the New Testament. Indeed, many conservatives are dismissive of the Democratic effort. "It can't be a case where they try to append the word *God* to . . . all their policy discussions," says Richard Cizik, chief lobbyist for the National Association of Evangelicals. "I don't think it will work until they change some policies."

Some Democrats are amending their positions. New York Sen. Hillary Clinton made headlines this winter by calling for

a moral or religious issue, lead on poverty."

No labels. Wallis backs the president's faith-based initiatives but calls Bush's tax cuts "un-Christian." He opposed the war in Iraq and champions gay rights.

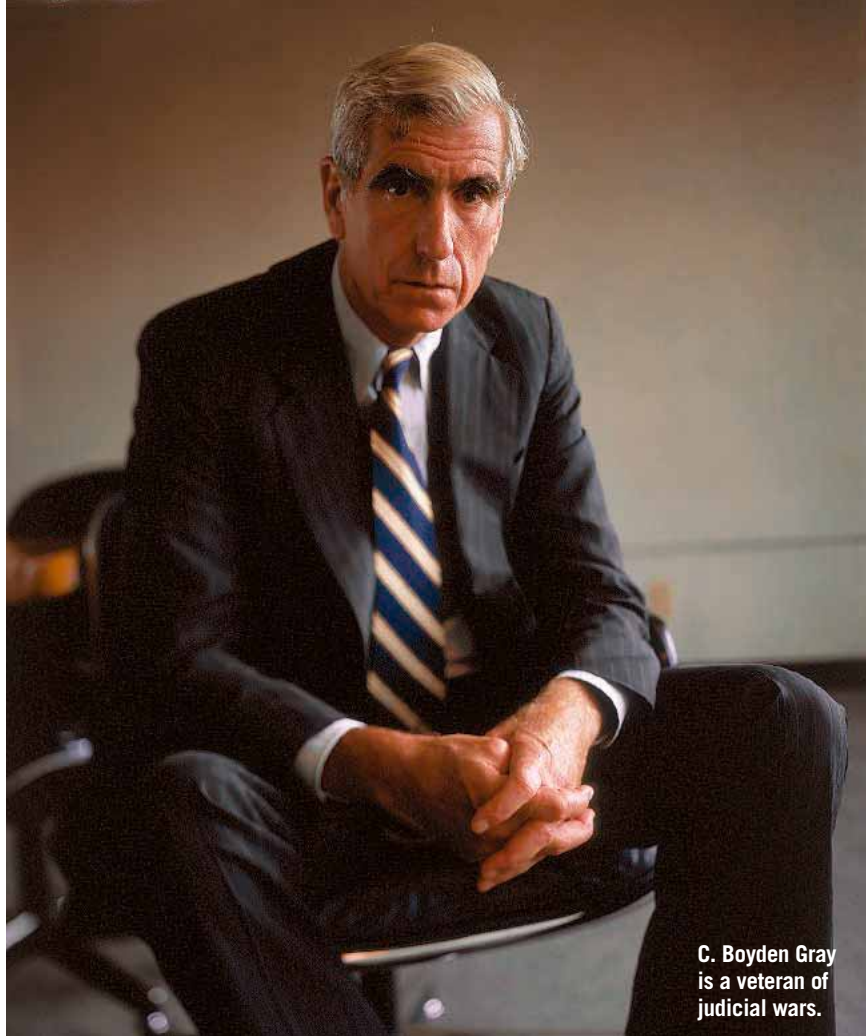
Still, Wallis rejects the liberal label, noting that he has advised Republicans, too. He also chafes at his image as chaplain to the



Wallis at a Washington church

Democrats. Earlier this month, Wallis led a delegation of church leaders—including conservative evangelicals—to meet with British Chancellor of the Exchequer Gordon Brown on the eve of the Group of Eight summit to push for debt relief and fairer trade policies for Africa. "He's got an uphill fight within the Democratic Party appara-

tus," says Richard Land, political director of the conservative Southern Baptist Convention. "Some liberal groups don't want any religious voices, period." For now, though, Wallis has never been more in demand. "There used to be Democrats of faith who felt marginalized in their own party," he says. "That's all changed now." —D.G.



C. Boyden Gray
is a veteran of
judicial wars.

HIGH-STAKES PLAYERS

How a quartet of power brokers known as the Four Horsemen is shaping the future of the high court

By Liz Halloran

The calls start just after 8 every morning, and the participants phone in from just about anywhere. A lawyer speed dials the teleconference line from a taxi as he dashes to a breakfast meeting. A radio evangelist checks in before heading to Atlanta. An old Reagan hand punches in the password from a hotel room while a federalist movement leader calls from his office near the White House.

The daily conference call, in many ways, is indistinguishable from thousands of others occurring inside Washington's beltway, but with one big difference: This one is shaping the Republicans' nomination strategy for the Supreme Court and, in consultation with the White House, scripting party-line talking points. The daily call is also the glue for a fragile conservative coalition, from the religious right to the business lobby, that's smooth-

ing the way for President Bush's nominee to replace Justice Sandra Day O'Connor.

The men, who have been dialing in since 2003, have come to be known as the "Four Horsemen": C. Boyden Gray, Edwin Meese III, Jay Sekulow, and Leonard Leo. Hand-picked by the White House for their ties to disparate conservative groups, they have been instrumental in helping the president name strict constitutionalists to the federal bench—and now they hope to do the same on the nation's highest court. "We've been waiting for this for four years," says Sekulow of the American Center for Law and Justice. And so the Four Horsemen are galloping into this confirmation fight.

High profile. The stakes are plenty high, but they could go higher still. Despite Chief Justice William Rehnquist's announcement last week that he intends to stay on as long as his health permits, there's continued speculation

that Bush may soon be faced with the prospect of a second Supreme Court vacancy. That has raised the profile of the Four Horsemen, but it has stirred unease about their role as well and made their mission more difficult. Keeping the lid on party discord has strained the coalition. Two weeks ago, the four had to quiet dissension among evangelical conservatives upset over the prospect that Attorney General Alberto Gonzales might be the Supreme Court nominee. They were determined to avoid a repeat of that situation. So after their morning call early last week, an order went out: Cool it with the anti-Gonzales rhetoric. Period.

Since a message from the coalition is tantamount to word from the West Wing—a White House aide participates in the daily conference call, and the administration's press office suggests the tone and tenor of messages the group dispatches—the order from the Four Horsemen echoed through the news media. The result: a sudden absence of Gonzales bashing in the press, with GOP insiders saying he appeared to be out of the running for the high-court seat.

The reach of the quartet extends far beyond the beltway. There's Sekulow, a lawyer, radio-show host, and leader of the evangelical right whose organization was founded by Pat Robertson; Meese, one of Ronald Reagan's attorneys general, has strong business ties and is now at the conservative Heritage Foundation; Leonard Leo runs the Federalist Society for Law and Public Policy Studies, a conservative lawyers' group, and serves as a strategist for the White House on Catholic issues; and Gray, an *émigré* *grise* who was counsel to President George H. W. Bush, is a partner in a prominent Washington law firm and on track to become ambassador to the European Union in Brussels.

Liberal leaders like Wade Henderson of the Leadership Conference on Civil Rights acknowledge the influence of the four Republicans but suggest that real power exists elsewhere—especially with evangelicals like James Dobson, founder of Focus on the Family. Religious conservatives say the coalition has succeeded in focusing conservatives on the judiciary but warn about what might happen if there's a moderate Supreme Court nominee. "Our coalition would split," predicts Paul Weyrich of the Free Congress Foundation. The Four Horsemen would get back on the phones to keep that from happening. And given their access to the White House, it would be hard to bet against them. ●

By Gloria Borger



A Thaw in Washington?

SEN. PAT LEAHY HAS NEVER BEEN A GEORGE W. Bush pal. Neither has he been a favorite of the vice president, for that matter, who once famously advised the liberal Vermont senator to “go f--- yourself.” But Leahy is the ranking Democrat on the Judiciary Committee, so about an hour after Justice Sandra Day O’Connor announced her resignation, Leahy found himself interrupting a press conference back home to take a call—from the president.

Last week, Leahy and a few other key senators found themselves in the Oval Office discussing the high-court vacancy. “We made it clear the president ought to feel free to call us when you get a few names,” Leahy told me. Translation: Consult, and ye shall have an easier time getting a nominee confirmed. When Democratic Senate Leader Harry Reid left that same meeting, he stood alongside Senate Majority Leader Bill Frist and said, “This is certainly a good first or second step . . . and I was impressed with the fact that the president said . . . there will be more meetings, consultations.” All this from a man who once called Bush a “liar.”

So what’s going on here? Comity and consultation from a White House that has never been known for reaching out—even to members of its own party? Democrats publicly applauding the White House for finally paying attention to them? And the ultimate question: Is this for real or just for show? It’s too early to say—but it’s no mystery why all of this is happening: The public wants it that way.

Voter disgust. According to last week’s NBC-*Wall Street Journal* poll, the constant bickering between the president and Congress has taken a toll on each side. Congress’s approval rating is now embarrassingly low at 28 percent, and the president’s is at 46 percent—which is among his lowest. “I believe the public is telling us to knock it off and behave like adults,” says Republican Sen. Lindsey Graham, a conservative who is a member of the bipartisan “Gang of 14” devoted to keeping peace in the Senate. So, it’s just self-interest? “It doesn’t matter why people get religion,” he told me, “so long as they get it.”

The next step is a test of sincerity, based on what Bush does with the advice of the more than 60 senators, many of whom are Demo-

crats, whom he and his advisers have called. (Sources say, by the way, that some Senate conservatives are miffed that they are being taken for granted. Which, of course, they are.) No one who has to run for re-election—and that does not include the outside agitators on the left and the right—wants a fight reminiscent of the Robert Bork fiasco in 1987. Indeed, key senators are now fond of recalling the peaceful post-Bork era in which Ronald Reagan’s White House staff showed Democrat Joe Biden, then chairman of the Senate Judiciary Committee, a list of 13 names for his input, resulting in the eventual approval of Justice Anthony Kennedy. Or when President Bill Clinton initiated regular chats with Republican Orrin Hatch, also Judiciary chairman, resulting in two easily approved justices, Ruth Bader Ginsburg and Stephen Breyer. “We would hope the pattern established by these other presidents would be picked up on,” says Democrat Mary Landrieu of Louisiana, a member of the bipartisan gang. So far, Bush hasn’t promised anything, which privately makes members nervous.

Here’s the real problem: The interest groups are salivating for a fight. This kind of juicy battle is worth untold millions to them in contributions. Indeed, some are already spending millions to pump up their profiles in anticipation. But the interest groups are all about inflexible ideology—something the American public rejects. Consider this: About half say Bush should leave the issue of abortion where it is, 55 percent want to uphold affirmative action, and 63 percent want a justice who supports references to God in public life, according to the NBC poll. That is anything but rigid.

Now comes the moment of truth for the president. He is a conservative and will pick a conservative nominee. Fine. That’s what elections are about. Real consultation, however, is about honest exchanges with key Democrats to ensure the public gets what it wants and what everyone seems to be promising—a dignified process. “The worst thing that could happen,” Landrieu told me, “is that the White House makes all these calls now and then hands us a nominee that barely gets 55 votes. Now that they’ve started consulting, they have to follow through.” The voters will be watching. ●

“I believe the public is telling us to knock it off and behave like adults,” says Sen. Lindsey Graham.



Together again: Senate leaders after meeting with the president

LETTER FROM SAN DIEGO

A Scandal by the Sea

By Betsy Streisand

This sun-baked vacationland likes to refer to itself as "America's Finest City," a squeaky-clean model of buttoned-down, Southern California-style conservatism. But the moniker feels a bit awkward in light of a torrent of scandal that has left San Diego's reputation in ruins. When voters go the polls to elect a new mayor in a special election next week, the leading candidate will be a decidedly unbuttoned-down, feisty surfboard shop co-owner—and liberal Democrat.

The plot is out of a dime-store novel, but the stakes are serious. "We're in deep, deep trouble here, and this is our last shot to fix it," says Vincent Blocker, a nonprofit fundraising consultant, who works in the city's trendy Gaslamp Quarter. "The city is literally—and figuratively—falling apart."

Tale of woe. First of all, there's the financial crisis, brought on by a \$2 billion pension-system deficit that has sent San Diego's credit rating below sea level and threatens to bankrupt the city, America's seventh largest. In what's being dubbed "Enron by the Sea," county and federal prosecutors are poring over the pension numbers, and six current and former pension board members are already facing felony charges. There have been deep cutbacks in city services, and municipal employees are leaving the city's storied

beaches for better pay and benefits elsewhere.

Then there's the "Stripper-gate" scandal, featuring City Councilman Ralph Inzunza and Deputy Mayor Michael Zucchet. Both men have been on trial for allegedly scheming to accept payoffs in return for helping to repeal the so-called lapdance law that bans touching between strippers and patrons. Verdicts could be

months into his second term before resigning (effective this week). Now Zucchet will serve as interim mayor while awaiting a verdict in his corruption trial.

A clear choice for mayor isn't likely to emerge from next week's election since none of the candidates is expected to get the 50 percent of votes required to clinch the contest. But Frye, 53, the wife of surfing legend Skip

fix: Cut spending, try to reduce employee benefits for unionized workers, and steer clear of tax increases and bankruptcy filings. Frye, a crusading environmentalist, is hoping to stage a repeat of her November surprise. But the last time around, voters were so outraged over Murphy's scandal-ridden administration that even conservative Republicans wrote in for Frye. And, no one thought

she could actually win. "Frye is a Democrat in what is still a Republican city," says Larry Sabato, a University of Virginia political scientist. "Now that voters know she can win, that changes the dynamics."

Some voters are already having second thoughts. "I voted for her as a protest in the last election," said one businessman who asked not to be identified lest his Republican clients be put off. "But this time I'm voting for Sanders."

Whoever becomes the next mayor will have to solve San

Diego's problems as City Hall gropes its way through an entirely new system of government; under new rules, on January 1, much of the power here shifts from the city manager to the elected mayor. "There has been almost no planning at all for this transition," says Steve Erie, who teaches political science at the University of California-San Diego and helped write the ballot measure that created the change. "This is going to be another big mess." Just add it to the list. ●



City councilwoman, surfboard shop owner—and mayoral hopeful—Donna Frye

delivered this week.

And there's the political drama. In last November's mayoral election, the surfboard shop co-owner, Democratic Councilwoman Donna Frye, got more votes in a write-in campaign than incumbent Republican Mayor Dick Murphy, a leading member of San Diego's nearly impenetrable white, male establishment. But when the courts ruled that 5,551 votes for Frye didn't count because voters had not filled out the ballots properly, Murphy took office. He made it seven

Frye, is the clear front-runner, leaving the real battle to be fought among the Republican men vying to take her on in a November runoff. In second place in the polls is Jerry Sanders, 54, who was San Diego's police chief for six years before taking top posts at the United Way and the Red Cross and turning both troubled organizations around. He is followed by Steve Francis, a millionaire healthcare entrepreneur who is promising to run the city like a business.

All the candidates are preaching much the same

Executive Edition

Edited by Tim Smart



Business Cycle Diaries

A former congressman
pleads the case for free trade
with China Page EE8

German engineering giant
Siemens seeks a higher
profile in America Page EE12

Chewing it over at the
chamber; obsessions; a
vintage Rolls Page EE14

Blogging Bosses

By Christine Larson

It's enough to drive a PR guru to drink: The company president is writing a blog about corporate vision, the stock price, his vacation to Colorado, and his new golden retriever puppy. What will the shareholders think?

Sound far-fetched? Guess again.

Some of the highest-ranking managers at companies like Sun Microsystems, General Motors, Hewlett-Packard, and Boeing have entered the blogosphere, writing weekly or semimonthly entries in their online diaries. Any curious reader can learn why Sun's President and COO Jonathan Schwartz suffered two months of bad hair days (hint: Never let your 2-year-old's barber trim your ponytail). Or find out what Bob Lutz, vice chairman of global product development for General Motors, has been driving lately (pre-

Randy Baseler

Vice president of marketing,
Boeing Commercial Airplanes
<http://www.boeing.com/randysjournal>

May 25, 2005

A new blue airplane has taken to the skies over Puget Sound. It's the second 777-200LR Worldliner.

Yesterday [WD002] took off from Paine Field in Everett for the first time. She'll now join WD001 in flight tests and certification over the next several months before their delivery to Pakistan International Airlines.

June 13

A tip of the hat to Airbus. Most of us had our first opportunity this afternoon to see the A380 fly. Without question it is an impressive technological achievement, and its flight demonstration was a big highlight today. But as I've reminded many people, our strategic difference with

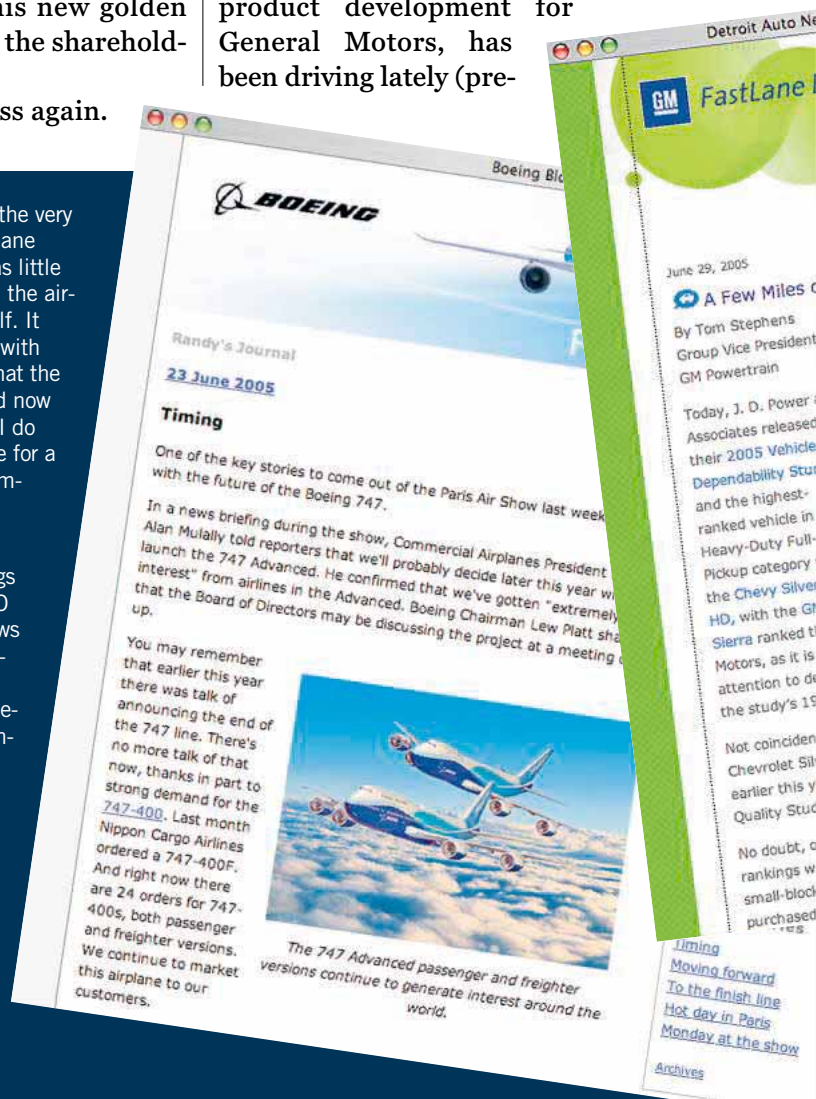


Airbus in the very large airplane market has little to do with the airplane itself. It has to do with the fact that the

A380 is a very large (and now having seen it up close, I do mean very large) airplane for a very small part of the commercial airplane market.

June 14

Airbus tried stirring things up a bit today. Their CEO Noel Forgeard held a news conference here and proceeded to criticize . . . everything from our strategy and our 787 Dreamliner, to the way Boeing does public relations. At the same time, he tried offering us advice about our business practices! Hmm. Could it be that the competition is just feeling the heat a bit?



production models of the Pontiac Solstice and G6 Coupe, and a Hummer H3). You can read the thoughts of Randy Baseler, vice president of marketing for Boeing Commercial Airplanes, about why Airbus's strategy is dead wrong (come on Randy, tell us what you *really* think). And you can find out how all of these executives view important trends in their industry.

What's driving these busy executives to carve hours out of their busy week to cast their views into the sometimes hostile world of Web logs? Partly it's the appeal of a bully pulpit to promote their views, unfiltered by the media. Partly it's the desire to create a new kind of dialogue with customers, industry observers, and employees. And partly it's the hope of crafting a more human face and voice for the company.

High hopes, indeed. But can executive blogs really pull it

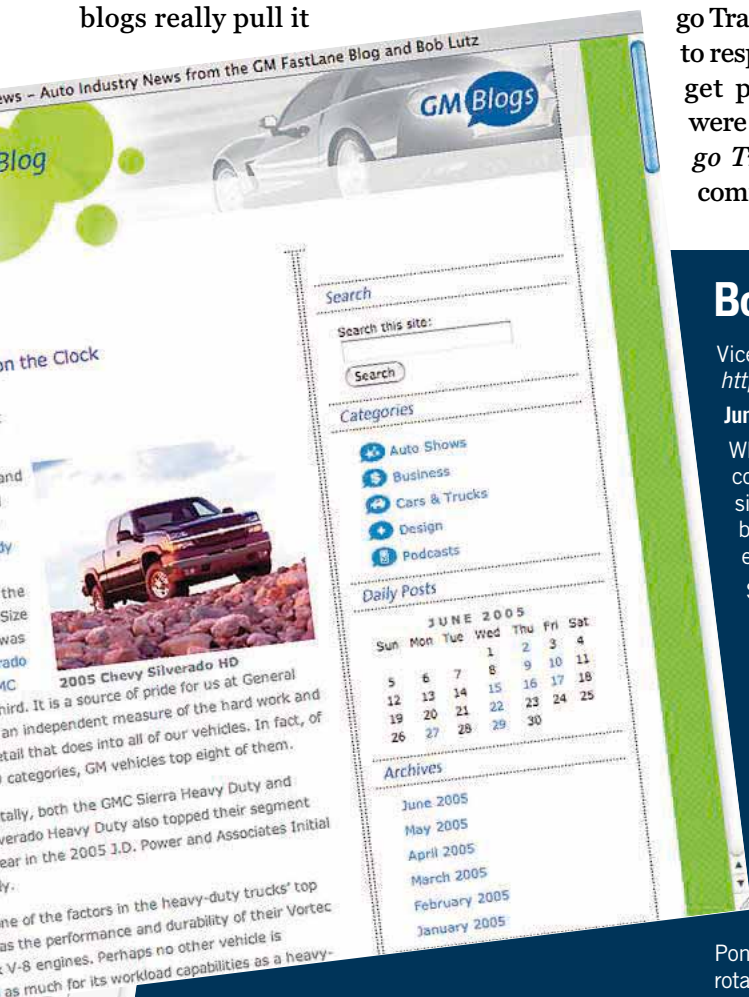
off? Blogs, after all, are known for being spontaneous, raw, and controversial—while many corporate executives have spent their career being everything but. “In some respects,” says Michael Smith, professor of communication at La Salle University in Philadelphia, “the image of an executive blogging is akin to the image of a portly person in a Speedo bathing

Blogs are known for being spontaneous and controversial—hardly the image of a corporate executive.

suit—something doesn't quite fit.”

Still, many executives are finding that the benefits of opening up outweigh the risks of too much exposure.

For Carole Brown, chair of the Chicago Transit Board, her blog offered a way to respond to public criticism over budget problems and service cuts that were under consideration. “The *Chicago Tribune* allowed readers to post comments online about what we were



Bob Lutz

Vice chairman, General Motors
<http://fastlane.gmblogs.com>

June 10, 2005

What we are re-learning as a company is that we are not simply in the transportation business; we're in the art and entertainment business.

So, what we've got at GM now, is a general comprehension that you can't run this business by the left intellectual, analytical side of your brain alone, you have to have a lot of right side creative input.

June 2, 2005

Right now I'm driving a test-fleet preproduction Solstice, a Hummer H3 and a preproduction Pontiac G6 Coupe. I'm sort of rotating through these vehicles, and enjoying myself very much.



May 12, 2005

“What is GM's strategy for fixing its issues?”

A good and fair question. Let's start by saying

there's no magic bullet for our issues, at least none that we've uncovered . . .

April 7, 2005

Some of you may remember my opening salvo for this blog back in January:

“After years of reading and reacting to the automotive press it is finally my turn to put the shoe on the other foot. In the age of the Internet, anyone can be a journalist.”

What began as an experiment has become an important means of communication for GM. It has given me, personally, an opportunity to get much closer with you, the public.

considering," she says. "I read all the comments and got frustrated that I couldn't respond to them." On her blog, launched in April, she's posted details about the organization's budget struggle, as well as topics of general interest to transit users—like why, after someone waits an hour at a bus stop, five almost empty buses show up at the same time. On its busiest days, she says her blog attracts as many as 1,000 visitors.

"When you talk to a reporter, they report what you say, but they have limited space and their own point of view," Brown says. But in her blog, "I don't have to be balanced. I can just tell people what I think."

In focus. Blogs also appeal to senior executives seeking to create a dialogue with readers. Most blogs allow users to post their own comments, offering feedback that doesn't exist with press releases or other communications. "It helps you fine-tune how you're going to use your messages," says Boeing's Baseler. "If we say it this way, do people understand, or will they look at us glassy-eyed? It gives you an idea how to shape your other communications."

But whom, exactly, are you reaching? "I have no idea," says Richard Edelman, president and CEO of public-relations firm Edelman, regarding the readership of his own blog on industry trends. While most executive bloggers can tell you how many page views they receive (Edelman's blog draws about 6,500 visits a month), few can tell you who's actually reading the online musings.

It's probably not the general public: Only 27 percent of Internet users read blogs (and only 38 percent of Internet users even know what a blog is), according to a 2004 survey by the Pew Internet and American Life Project. But based on comments posted to their blogs, most executive bloggers conclude their audience is a mix of industry insiders—customers, industry analysts, journalists, employees, and competitors.

"Blog readers are a small but very in-

ago doesn't apply anymore," he says. "It's much more about leading in a way that's a good balance between who you are as a person and what you're doing at work, showing that you're just as comfortable dealing with poetry as with profit and loss."

Marcello's blog, launched in December, includes entries that are all business—celebrating a good quarterly result or the completion of an important project. But some are far more philosophical

musings on management style. And some, like a poem he wrote about his late father for his Father's Day posting, are strictly personal.

Marcello feels his frank and wide-ranging blog, which had drawn 32,000 visits as of May, ultimately promotes better relationships between managers and employees: "In traditional management, the boss knows stuff and the employees don't. I'm trying to say, 'Hey, you can see it all.'"

Promoting a new sense of openness—whether with employees, customers, or the public—is one of the most important things that blogs can accomplish in this age of mistrust. "What people think about businesses right now couldn't be any worse. As a result, you want to be as open and honest as you can," says Paul Argenti, professor of corporate communication at Dartmouth's Tuck School of Business.

But for all the advantages that executive blogs may offer, they still pose daunting questions for corporations. One of the most critical: Can executives, ever cognizant of the need for discretion, really sound credible in the raw, straight-talking world of blogs?

Yes and no, says Argenti. "It's naive to

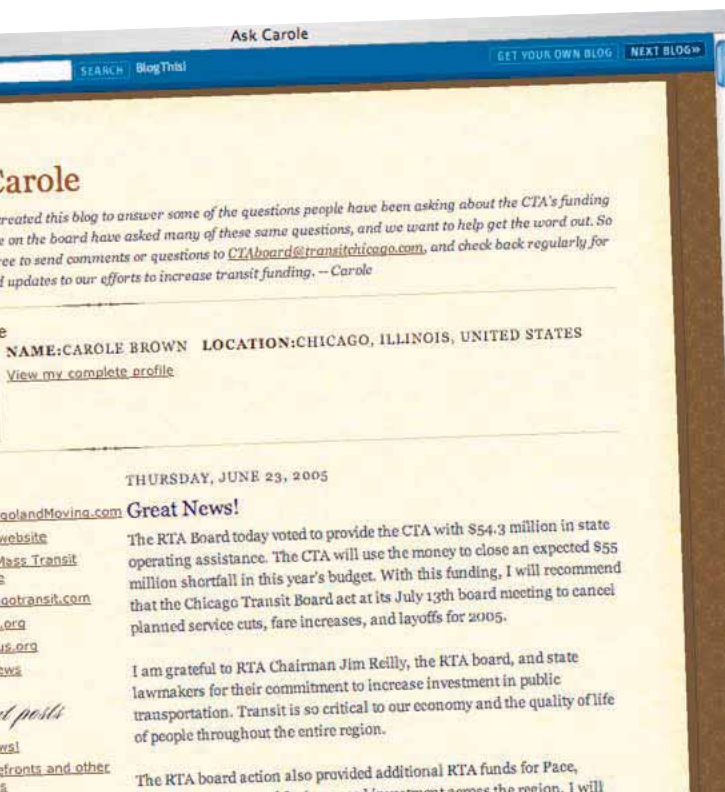
Executive bloggers need to be thick-skinned, able to take it as well as dish it out.

fluential group of people," says Mark Hass, CEO of public-relations firm Manning Selvage & Lee. The firm's BlogWorks unit launched and maintains the technical aspects of Fast-Lane, GM's executive blog where Lutz and other executives post their Web journals.

Whoever the other readers may be, it's a safe bet that employees are perusing their boss's online entries. And that can make blogs a valuable management tool.

At Intel, CEO and President Paul Otellini writes about company initiatives, new accounts, and other news on an internal blog available to Intel's 80,000 employees. And at HP, Rich Marcello, senior vice president and general manager of business-critical servers, views his public blog as a way to promote a whole new style of management.

"A lot of the traditional Management 101 you might have read 10 years



Carole Brown

Chair, Chicago Transit Authority
<http://ctachair.blogspot.com>

June 9, 2005

... We are painfully aware of the fact that this \$54.3 million dollars, however much appreciated, is not the answer to our long-term problems. It is a band-aid to slow the bleeding but you cannot treat a gaping wound with a band-aid. [Refers to a one-time grant given by the Illinois legislature in June to bridge CTA funding problems.]



May 20, 2005

Why, after a long wait, do two or three buses often come along at the same time...

This... is known

in the transit business as "bus bunching"... CTA is doing a number of innovative things to manage it.

Two of the most promising are traffic signal priority... and a GPS-based Automatic Vehicle Location bus tracking system to let our control center monitor the spacing of buses in real-time.

**THE DAY A HAIRSTYLE REQUIRES 100,000 LBS. OF THRUST,
WE'LL MAKE ONE KIND OF SOFTWARE SOLUTION.**



Big ideas aren't just for big businesses. And running a hair salon isn't quite the same as running a global aerospace corporation. That's why SAP makes solutions that are sized for small businesses. With our years of experience, and qualified partners, we're able to pinpoint the right solution for your needs and then implement it quickly – and affordably. At SAP, we know business fundamentals and we know what makes each business fundamentally different. Visit sap.com/unique to see how we can help your business.

THE BEST-RUN BUSINESSES RUN SAP™



think these blogs are anything other than carefully planned communications. Because of regulation and the possibility of attacks from antagonists, companies can't be off the cuff in their communication." However, he adds, "it's a good thing that there's more communication from senior executives, because people don't want these folks sitting in an ivory tower."

Cease-fire? Some executives are more than happy to descend from the tower and engage in the kind of frankness—even controversy—that makes blogs compelling. Boeing's Baseler seems eager to demonstrate how Airbus's strategy misses the mark. And Sun's Schwartz, whose blog receives about 5,000 visits a day, never hesitates to point out where IBM, HP, or other tech companies are making strategic mistakes. In fact, one posting in August 2004 prompted HP to send Sun a cease-and-desist letter objecting to his blog statements. Schwartz's response? He posted a link to the letter on his blog but didn't change his statements.

Yet to earn credibility in the blog world, executive bloggers need to be able to take it as well as dish it out. That means allowing readers to post their own comments—positive and negative. And it means owning up to bad news about the company, at least obliquely. For example, although GM Vice Chairman Lutz hasn't

directly alluded to GM's struggles with its stock price or its overall profitability, the company has at least nodded to its troubles. "There's no denying that we're going through some tough times right now," a GM executive wrote on May 5.

Executives launching blogs should also be prepared for a chilly initial reception on the Web. "We got negative comments from the guardians of the blogosphere, saying, 'You're a corporate hack. Turn your blog off,'" recalls Baseler. He was also chastised

communications staff to post their entries. Both options allow executives to write entries on their BlackBerrys, E-mail them off, and be done with it. However they do it, every executive interviewed claimed to write his or her blog personally, with little or no editing from the public-relations staff.

"Every once in a while, I'll run it by someone if I'm worried about a nuance or legality," says Sun's Schwartz.

Still, "I don't think you'll see more than a handful of CEOs doing this at public companies," says Alan Meckler, chairman and CEO of Jupitermedia, whose blog on Internet trends gets about 5,000 page views a day. "There's so much litigation and it's so easy to get a lawsuit filed against a company or get the SEC involved."

In any case, blogs aren't right for every executive. "Most senior executives rise to the top by being very analytical and buttoned up and left-brained," says Lutz. "That very careful executive is probably not going to be a good blogger."

But then again, in this day of public mistrust, the buttoned-up executive may be the last thing that corporations need. ●

Most blogs allow you to post comments online, providing real-time feedback.

for not allowing readers to post their own comments on the blog—a blunder that Baseler says wasn't an attempt at spin control, just a lack of the right software, and which has now been fixed.

"It takes a little bit of a thick hide," he admits. His perseverance paid off, though: In June, his blog received 26,500 visits.

To avoid initial missteps, some companies turn to public-relations firms to advise them on blog strategy and sometimes to set up and maintain the technical aspects of the blog. Others rely on their in-house com-

Rich Marcello

Senior vice president and general manager of business-critical servers, Hewlett-Packard
<http://www.hp.com/blogs/marcello>

June 20, 2005

It's Father's Day and I'm sitting on my screened porch. My backyard has a lot of trees . . . it's both secluded and peaceful. I'm thinking about how lucky I am to have my family around me today and also about what a gift it's been to be a father all of these years . . .

In reality, it's one of those days when sweet and sad are somehow the same—all mixed up together into one blurry set of feelings and that's somehow OK. The sadness is about my dad who died when I was very young. Through the years, I've learned to accept that this holi-

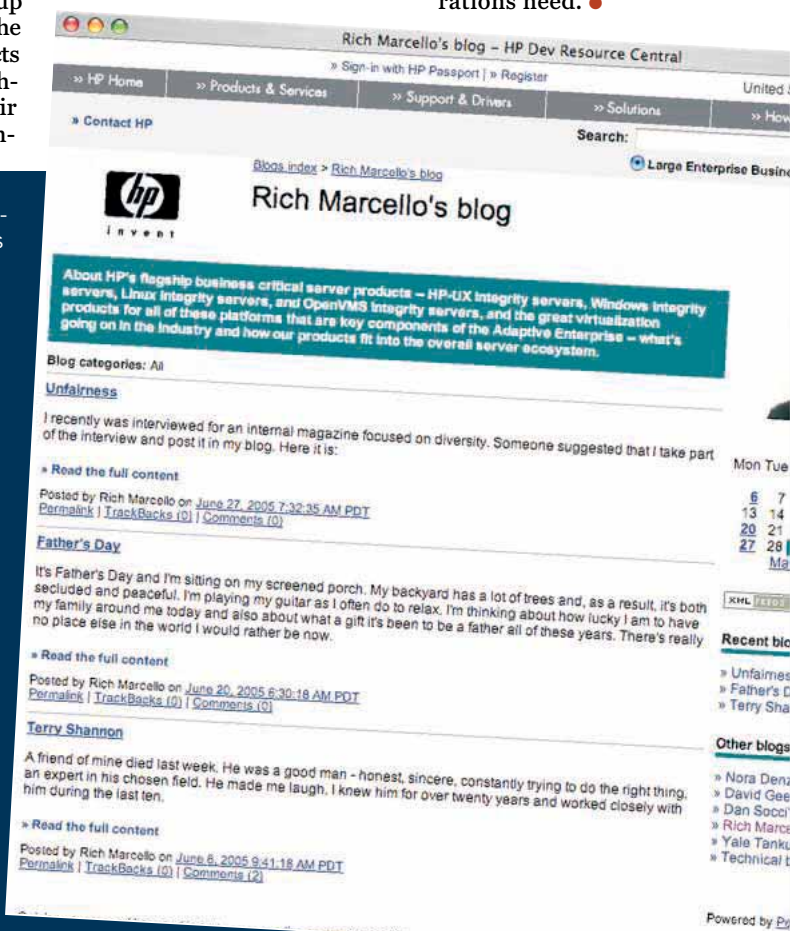


day in particular . . . stirs up a lot of old memories for me . . .

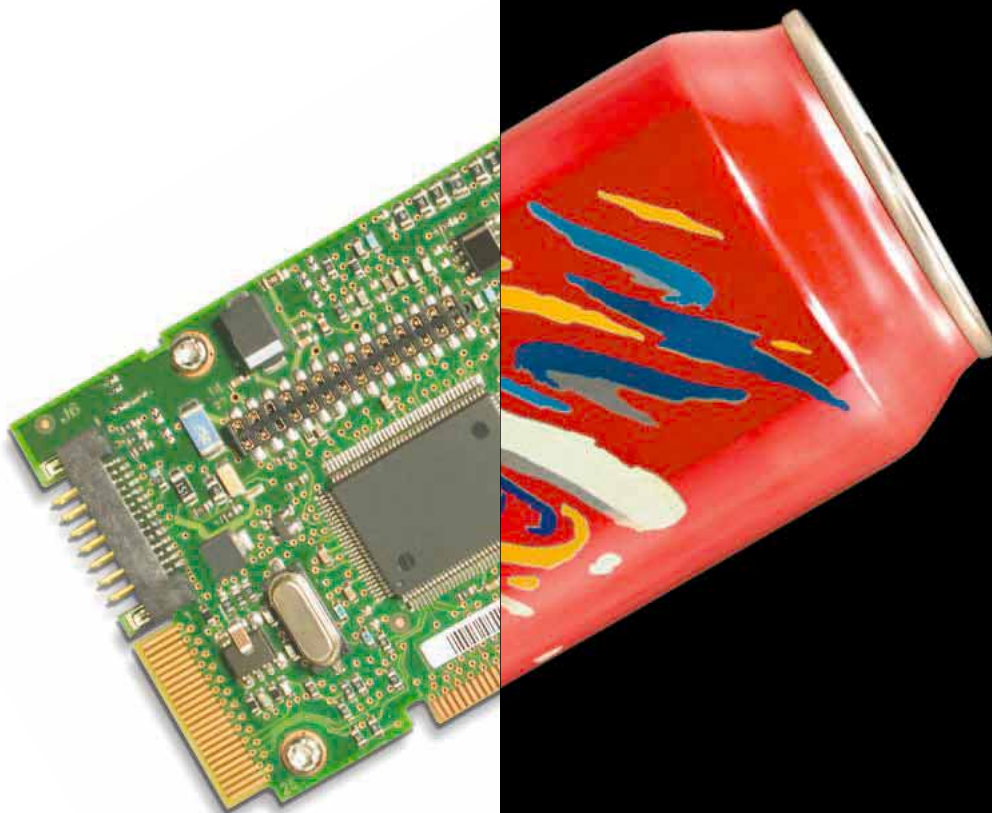
June 6, 2005

A friend of mine died last week. He was a good man—honest, sincere, constantly trying to do the right thing, an expert in his chosen field.

I knew him for over twenty years and worked closely with him during the last ten . . . I found myself thinking back to what a truly helpful and generous man he was. And I found myself thinking that depression just took another one of the good guys. We will miss you Terry.



YOU NAME IT



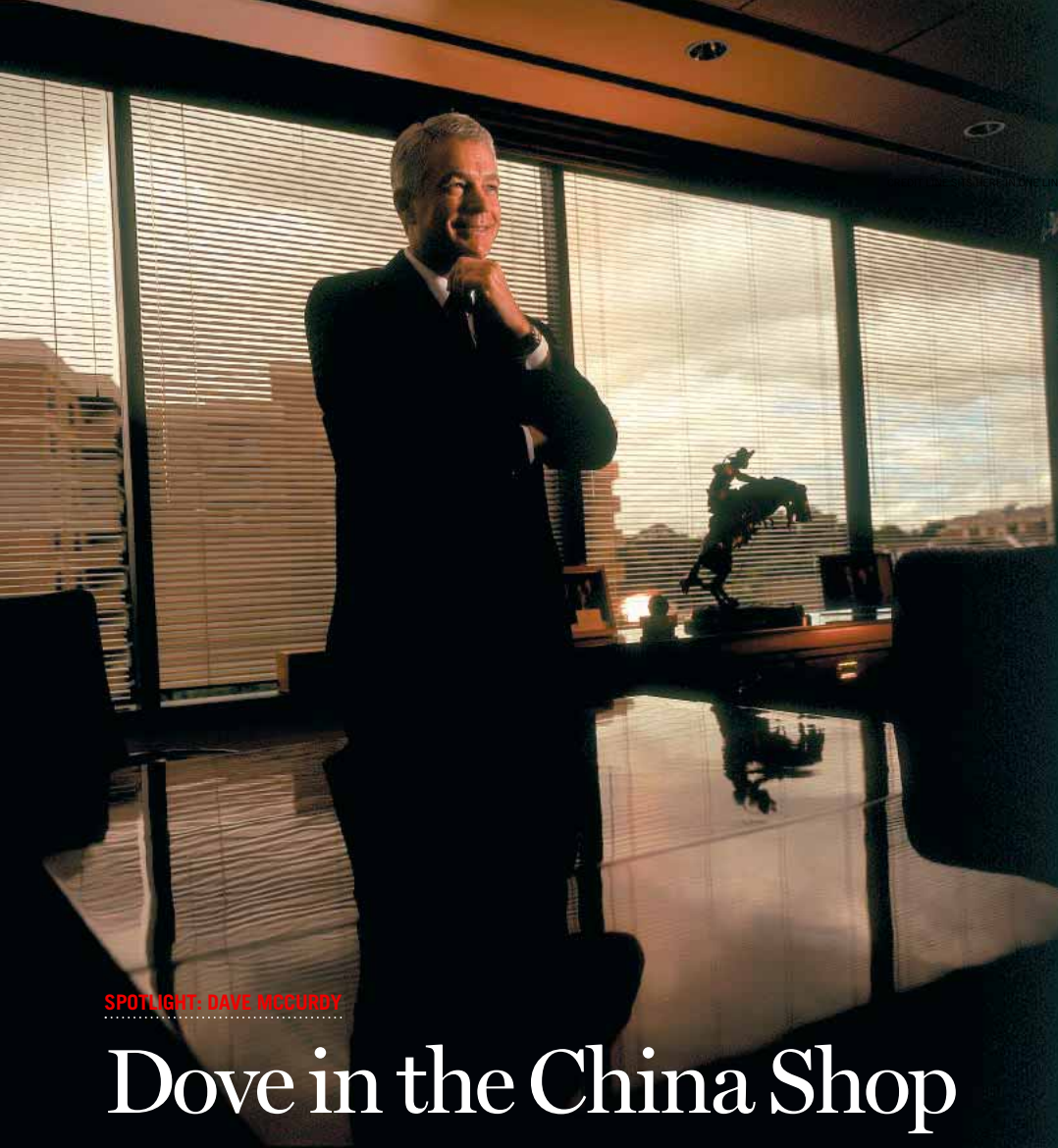
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SPOTLIGHT: DAVE MCCURDY

Dove in the China Shop

By Richard J. Newman

Dave McCurdy has a running debate with his Mandarin tutor over the merits of will versus destiny. The United States, he insists, is a nation driven by the will of its citizens, which helps Americans find ways to solve problems and maintain a leading position in the world. China, by contrast, is driven by a sense of destiny, a belief that it will soon recapture the glory of past centuries. That's a powerful motivator, McCurdy believes—but not enough for China ever to eclipse the world's most creative, industrious societies.

Arcane musings, perhaps, except that China's growing economic, political, and military muscle has become one of the hot-button issues in Washington. A trade war with China, fought with tariffs, quotas, and ugly rhetoric, seems increasingly likely. In the pitched debate that's unfolding, McCurdy, president of the Electronic Industries Alliance, inhabits some lonely turf. Unlike most

big-business advocates, he publicly proselytizes on the virtues of free trade and greater cooperation with the world's most populous country. While other business lobbyists operate in the shadows on China, careful not to take a stance that could end up on the wrong side of public opinion, McCurdy, whose trade group represents high-tech heavyweights like IBM, Intel, and Motorola, speaks with the passion of a missionary. "The U.S.-China relationship is the most important geopolitical relationship we must manage over the next 50 years," he says. "China has taken the right fork in the road in many areas. They're making decisions that are in our interest."

Many disagree, including numerous senators and representatives of both parties. Treasury Secretary John Snow has hammered China over its exchange-rate policy. Defense Secretary Donald Rumsfeld accuses China of surreptitiously building up its military, to intimidate democratic Taiwan, which China regards as a breakaway province, and ultimate-

capitalist prowess. While at an event with the mayor of Qingdao on one trip, McCurdy started to get antsy about catching a scheduled flight back to Beijing. "Don't worry," the mayor told him. Then he had the flight held for an hour, till his guest made it to the airport. "Local governments can open doors and make things happen," McCurdy concludes.

Such inside glimpses into China give McCurdy, 55, a perspective that politicians, answerable to constituents worried about the "offshoring" of U.S. jobs to China and the ominous implications of another Communist superpower, often lack. The bid by the China National Offshore Oil Co. to purchase U.S. energy firm Unocal, for instance, has triggered alarm in Washington. But McCurdy sees the gambit as fair game. Several U.S. banks and other big companies have bought stakes in Chinese firms, he points out. "You go to China and see Exxon stations, but when they come here, it offends the sensibilities of Congress," McCurdy says with a smirk. Yet he predicts that

ly to dominate Asia. Most of the companies EIA represents prefer minimal trade barriers that leave them free to hire the cheapest talent and sell their products wherever they can do so profitably. Part of McCurdy's job this year is to lobby against protectionist legislation that would impose tariffs on Chinese imports if the Communist leadership doesn't liberalize its currency. Another bill he's targeting would make it illegal for U.S. firms to do business with foreign governments that permit arms sales to China.

Party favors. The momentum, for now, favors McCurdy's opponents—few of whom have spent as much time learning about the mysterious Middle Kingdom as McCurdy has. The former Democratic member of Congress from Oklahoma has traveled to China a dozen times, meeting with local business people and Communist Party officials in Beijing, Shanghai, and many smaller cities. He speaks Mandarin well enough to give short speeches in China in the language. And he has seen first-hand how the Communist Party still pulls the strings, despite the nation's newfound

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CNOOC will ultimately lose out to rival bidder Chevron, partly because Washington is tilted against such deals. In one poll he cites, by Zogby International, 59 percent of Americans held a favorable view of China, compared with just 19 percent of congressional staff members.

Free trade, in other words, is getting harder to defend. "McCurdy's more isolated than a couple of years ago," says Tom Donnelly, a Republican member of the bipartisan U.S.-China Economic and Security Review Commission. "That gung-ho rhetoric isn't as unquestioned as it once was." One reason is the red-blue political polarization that has rooted in Washington, which McCurdy himself decried in an article in *Roll Call*, the Capitol Hill newspaper. "The place is more rancorous, less civil, more partisan, more polarized, and definitely less friendly than when I first came to Washington, D.C., in 1981," he

"China has taken the right fork in the road in many areas. They're making decisions that are in our interest."

Dave McCurdy, Electronic Industries Alliance

complained. The net result: "loss of meaningful debate" on trade, national security, and other vital issues.

But China is becoming a hard sell, too. Concerns have mounted along with the huge U.S. trade deficit with China, more than double what it was in 1999, when Congress granted China permanent favored trade status. The Chinese have also been prickly, among other things passing an "antiseccession" law filled with bellicose rhetoric threatening Taiwan. Yet McCurdy, who chaired the House Intelligence Committee while in Congress, feels the best national-security policy toward China should revolve around commerce, not cruise missiles. "The economic integration between China and the U.S. is reducing the risk of military confrontation," he insists. While many of his former colleagues wring their hands over the CNOOC bid and China's large purchases of U.S. government securities, McCurdy sees it another way. "I'm glad they're doing that instead of building supercarriers," he says. At least for the time being, that is. ●

ASK THE EXPERT

Kathleen Kelley Reardon

In her 2000 book, The Secret Handshake, management professor and consultant Kathleen Kelley Reardon tackled the politics of the business inner circle. In her new book, It's All Politics: Winning in a World Where Hard Work and Talent Aren't Enough, Reardon provides practical techniques to help break down office politics. Her no-nonsense approach focuses on gaining political intuition and advancing in the workplace.

Q: How important is office politics in business?

A: You have to look at your own organization and decide what level you're operating on. Without political knowledge, you're not going very far. You begin to open your eyes and see that there are people you'll need to know, ways to develop your reputation, ways to say things if you want to be listened to.

Q: Aren't hard work and talent enough?

A: I think of it as a two-legged stool that you rest your career on. One of the legs is talent, and the other is hard work. Without the third one,

when people have similar degrees of competence, politics is going to make all the difference.

Q: Are relationships more important than skill?

A: I would say that skills and hard work are what get you a long way, but there is a point in everyone's career where politics becomes more important.

Q: What is the relationship between office politics and effective communication?

A: They are inseparable and define each other. Politics is largely communication but on several levels—it's knowing how to position something so that people can be more receptive to it.

Q: You suggest people develop intuition about the office. How do you do that?

A: There's a lot of deception in human communication. You have to gain the ability to detect patterns in your company. What garners disdain? How do people say things to each other? You don't have to adopt them, but you have to recognize them. We don't take the time to actually listen and find out what's going on at all levels.

Q: Can political intuition be confused with manipulation?

A: I see it as the way to not be manipulative, because you don't panic. You don't manage people in a manipulative way because you understand them, so you have the ability to move people from position A to position B without trying to do it behind their back.

Q: What advice would you give to employees just starting to address these issues?

A: Know the political climate of your company. Don't be the last person to understand how people get promoted, how they get noticed, how certain projects come to attention. Don't be quick to trust. If you don't understand the political machinations, you're going to fail much more often.

—Jennifer Vishnevsky



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STRATEGY

Siemens Shows Its U.S. Face

By Tim Smart

NEW YORK—Quick, name a company that employs 70,000 people in the United States, has annual sales of nearly \$17 billion and more than 100 manufacturing facilities here, and whose businesses run the gamut from cellphones and light rail to homeland security and water treatment.

The answer: Siemens, which is practically a household name in Europe but much more obscure in America, even though the company is a leader in many of its industry sectors and its products are ubiquitous. "Ninety percent of the U.S. mail runs on Siemens technology," crows George Nolen, CEO of the American arm of the German conglomerate. "And one third of the power in the U.S. is generated by Siemens."

All told, Siemens's U.S. businesses account for about one fifth of the Munich-based firm's global revenues. Much of the company's growth in America has come since the mid-1980s, when Siemens had about \$3 billion annually in U.S. revenues, less than a quarter of what they are today. The company acquired U.S. businesses from the likes of Westinghouse and Sylvania. It also looked at the areas where it held strong positions outside the United States, such as transportation and medical equipment, and decided how it could best apply those to an American environment in which well-entrenched competitors like General Electric held sway.

Siemens is a major producer of locomotives in the rest of the world, for instance. But in the United States, where railroads are a mature business, Siemens has focused most of its attention on automating existing systems like the New York subways and on new applications such as light-rail systems in places like Houston and Charlotte, N.C. "We have about 37 percent to 38 percent of the U.S. light-rail market," says Nolen.

Even though most Americans don't consider Siemens a household name, they have still come into regular contact with the company's products. Siemens lights the runways at 65 of the nation's airports, and the company also provides baggage-handling gear at more than 100 of them

as well as bomb-detection equipment at 438 of them.

In many ways, Siemens is a marriage of complex industrial engineering and intricate software. Complicated products like magnetic resonance imaging machines and high-voltage electric transmission systems require both manufacturing brawn and scientific brainpower, one reason Siemens employs 30,000 software engineers. More than 10 percent of its worldwide workforce is engaged in research and development.

Vying with GE. At Siemens Medical Solutions in Malvern, Pa., the company is refining this combination of engineering and technology know-how into a full-scale assault on what President Thomas McCausland sees as the future of medicine: the digital hospital that will lead to more efficient, safer, and cost-effective patient care. "The criticality of the business lends itself to people who are specialists," McCausland says, adding, "It's the most complex business, I think, in the American economy." Already, the United States accounts for about half of Siemens's worldwide medical business, and it is an area where the German company and GE compete head to head.

McCausland is hoping that hospitals will see the need to move beyond merely acquiring state-of-the-art medical equipment like Siemens's 64-slice computed tomography scanner, which can shoot detailed images of arteries, or patient-care

management systems that allow doctors remote access to medical records and drug prescription recommendations. To help broaden its portfolio, Siemens in 2000 spent \$2.1 billion to acquire Shared Medical Systems Corp., a leader in the medical billing and patient management systems field.

Barry Hieb, research director for Gartner's health-care group, says Siemens has revamped Shared Medical since buying it and come out with a series of innovative IT management products that allow doctors and pharmacies to track patients more closely. But there's still a ways to go. "They've done OK," Hieb says, "though not as well as perhaps they had hoped." Now the challenge will be getting the company's huge existing customer base to adopt the new products, he says. The industry is fragmented at the moment, he notes, yet is showing some signs of wanting to converge

SIEMENS USA

Headquarters: New York City

CEO: George Nolen

Revenues: \$16.6 billion in 2004

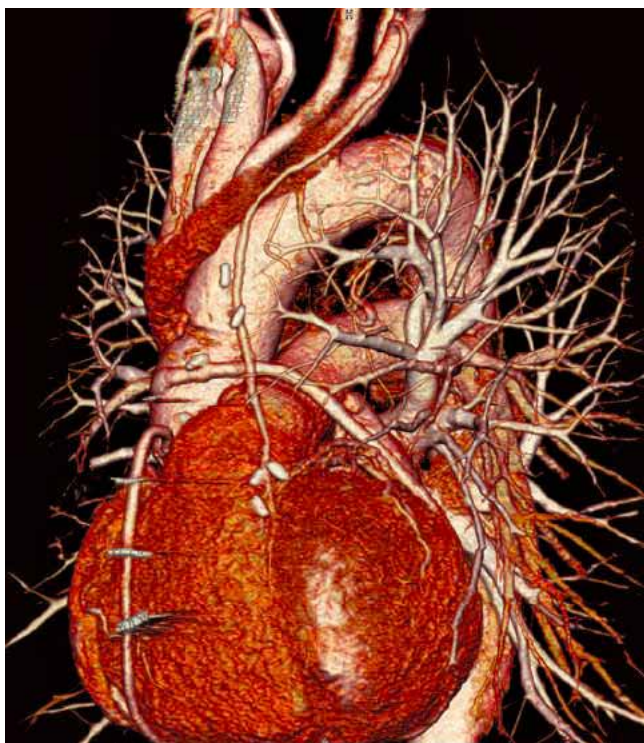
Main businesses: Medical systems, lighting, light rail, power generation, automotive parts, water filtration, and airport lighting and security

Employees: 70,000

Research and development: \$800 million spent in the U.S. in 2004



POWER. A U.S.-designed Siemens steam turbine generator being installed at the Bluff View power plant in Farmington, N.M.



MEDICAL. The company's 64-slice computed tomography (or CT) scanner allows doctors close-up views of the human heart.

around a single company that can provide clinical, financial, and administrative data management.

Another key move for Siemens was the \$700 million purchase of Acuson, an independent maker of ultrasound equipment, in 2000. "They've acquired a number of key vendors in that very critical medical IT management space," says Antonio Garcia, medical imaging industry manager at Frost & Sullivan.

Speed reading. One fan of the company's integrated approach is Robert Grossman, who heads the radiology department at NYU Medical Center. The hospital has the latest Siemens imaging equipment, including the 64-slice CT scanner, and chose Siemens in a competition with GE for all of its imaging needs. "We really wanted to be the best department in the world," says Grossman, who waxes poetic about the scanner. "The speed has enabled very new applications such as cardiac imaging. Now you can actually visualize the coronaries." That could directly improve outcomes. "For the first time," says Grossman, "the speed of the patient throughput is dramatically improved, and the image quality really enables better diagnosis."

Siemens is a dominant force in other industries, just as it is in medicine. Lighting, for instance: Three out of every four cars on U.S. roads have the company's lighting components. In communications, Siemens provides the backbone for many of the world's land-line telephone systems and also is the top global provider of telephone-based equipment for high-speed Internet access.

With such a broad portfolio of businesses, it might seem difficult for U.S. CEO Nolen to maintain an umbrella strategy that encompasses all of them. But he visualizes Siemens in a rather simple fashion: "We are an electrical engineering company with very advanced software," he says. One whose name might eventually be as commonplace in the United States as its products. ●

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BOOK NOOK

Magnificent Obsessions

You might expect that the money profile in *Character Studies: Encounters With the Curiously Obsessed* (Houghton Mifflin, \$26), a new collection by writer **Mark Singer** of the *New Yorker*, would be the author's take on a pre-*Apprentice* Donald Trump. And as far as providing top-notch entertainment value goes, the Donald doesn't disappoint as he covers the author with a "gaseous blather of 'fantastics' and 'amazings' and 'terrifics' and 'incredibles'" while escorting him through Trump properties from Manhattan to Palm Beach, Fla. But after 33 pages, Singer's Trump turns out to be the bombastic billion-



aire we already know. More satisfying is Singer's encounter with sleight-of-hand magician Ricky Jay, who displays both a passion for performing and a love for the rich lore of his craft—not to mention a profound disgust when a premier museum of magic, of which Jay was curator, is purchased for \$2.2 million by Las Vegas illusionist David Copperfield. Singer's quirkier subjects include Richard Seiverling of Hershey, Pa., a devotee of movie-star cowboy Tom Mix, and the Chinos, a Japanese-American family whose Del Mar, Calif., farm cultivates exotic produce such as seedless yellow watermelons. After a visit, Singer realizes that he had "been eating strawberries for 40 years, while all along I hadn't a clue how a strawberry was supposed to taste."

—James M. Pethokoukis

FROM LEFT: JEFFREY MACMILLAN FOR USN&WR; SAMANTHA REINDERS FOR USN&WR



GRABBING A BITE

Vox Corporati

Thomas Donohue is a regular at the Lafayette Room in Washington, D.C.'s Hay-Adams Hotel, just around the corner from his U.S. Chamber of Commerce office. He greets our waiter, Victor, by name and orders the chicken salad without cracking his menu, explaining that a big breakfast and a recent vacation call for the lighter fare. Then he gets down to business.

As CEO of the chamber, Donohue, 66, represents corporate America in the capital. His organization is the biggest lobbying spender in town, having doled out some \$53 million in 2004, according to Political MoneyLine. The yield includes recent victories on class action and bankruptcy bills. Next up: passage of the Central American Free Trade

Agreement and an energy bill, and taking a strong stand on the next Supreme Court nominee.

Donohue's confidence appears indestructible. He doesn't mince words, and you sense that sitting opposite him on an issue would not be fun. Over lunch, many sentences are punctuated by bits of advice like "write that down" or "go look that up on the Internet."

He skips coffee and dessert, telling Victor he won't be back for dinner. The next day calls for visits to CEOs and local chambers in Massachusetts, Illinois, and North Carolina. Donohue concedes that lobbying is a tough business. "We measure everything we do by asking, 'Is it good for American business, and is it good for our country?'" he says. But he clearly relishes the challenge. "I've got one of the greatest jobs in America," he says, leaving little doubt that this man is in the right job. No need to look that one up on the Internet. —Megan Barnett

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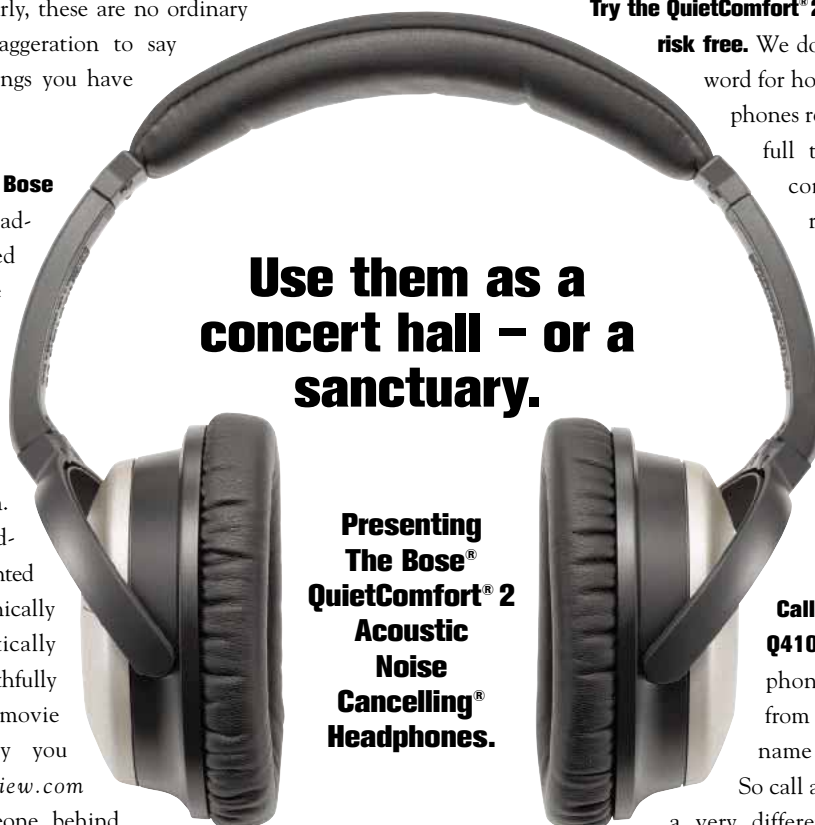
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DUELING OVER

Alan Greenspan and Warren Buffett do not agree on the trillion-dollar market for credit derivatives



By Kit R. Roane

When a debt downgrade at GM took a bite out of several hedge funds last month, part of the blame fell on their participation in the credit derivatives market, a world of high finance that most investors know little or nothing about and that many simply don't understand. Ignorance, however, may not be bliss.

Credit derivatives are, in essence, insurance policies against the possibility that a corporation will default on its debt. They are traded by large investors like banks, insurance companies, pension funds, and hedge funds. For a premium, one investor assumes some of the default or credit risk in another investor's loan or bond portfolio. But just

DERIVATIVES

as many hedge funds do more than hedge, instead opting to take more-aggressive positions, credit derivatives are about more than just managing risk; they are also about speculating on it and trading it.

Just how well-capitalized and how smart those speculators are is a looming question. As is the kind of trouble they could cause for the markets should their gambles go bust.

As a tool for risk management and as an early-warning system of credit problems, the derivatives market has many fans. The demand for such insurance has created a lucrative business and made credit derivatives one of the fastest-growing financial markets in the world. Today, investors are holding credit derivatives with an underlying value of somewhere between \$4 trillion and \$8 trillion—no one really knows for sure—up from about \$1.2 trillion in 2001. And none other than Federal Reserve Chairman Alan Greenspan has generally praised the trade, saying earlier this year that “credit derivatives [have] contributed to the stability of the banking system by allowing banks . . . to measure and manage their credit risks more effectively.” This, along with the transfer of risk to an ever widening group of investors, Greenspan adds, has helped the economy avoid bank failures or credit crunches when big corporations, such as Enron, have defaulted.

Lethal weapons. But another master of high finance, Warren Buffett, has a different view. He famously railed against derivatives in a 2003 letter to shareholders, calling them “financial weapons of mass destruction, carrying dangers that, while now latent, are potentially lethal.”

The problem is that while credit



derivatives are great tools for moving risk, they do nothing to help extinguish it. And because investors can write multiple layers of protection on the same debt, they could actually magnify the market effect of a default.

As the desire for credit derivatives has grown, so has the chorus of concern. Even Greenspan has noted that the rapid growth and increasing complexity of credit derivatives have made it harder for banks and regulators to assess the risks being assumed in a market that is virtually unregulated.

Some data suggest that major banks—the most important participants in terms of steadying the credit derivatives market during any upheaval—may be using the market to increase their risk profiles instead of to reduce them. Add to that the broadening of derivative products to include some based on lesser-quality debt, and others tailor-made for specific clients that are ever more complicated and illiquid, and you have a market that even the most sophisticated players worry about.

Then there are the hedge funds, which are among the most active traders of these derivatives. “What happens if a hedge fund has \$5 billion in a given name, and it blows?” asks Wilbur Ross, who made a killing buying up old steel assets and who runs two hedge funds and six private equity firms. “The problem with this market is that nobody knows.”

Ross sees one possible scenario: Some investors who thought that they had bought protection from a hedge fund might be “left naked” if the hedge fund can’t pay off the claim. This could cause the investor who bought the insurance to default, creating a dangerous ripple effect through the whole economy.

Unlike banks and insurance companies, hedge funds are only loosely regulated. Since many of them are newly minted, there is no assumption that they have the same expertise at gauging risk as a bank might. And the search for yield may be making them take on more risk than is prudent.

The role of hedge funds has been steadily increasing over the past few years, providing an ever larger portion of the liquidity necessary to oil the market. Fitch Ratings surveyed market participants last year and

found that insurance companies have been leaving the market, while hedge funds have grown to account for about 30 percent of current trading volume.

But the rush to the exits following GM’s and Ford’s descent into junk-bond status was a clear sign to some that leveraged hedge funds’ appetite for credit derivatives could also be dangerous. The downgrade came on the heels of Kirk Kerkorian’s announcing that he would add to his position in GM stock. Because many assumed that the debt was safer than the stock, the combined events upset the model being used by some investors, particularly hedge funds, to set up and price their risk in correlation trades—deals whose profit depends on the idea that something happening in one place will have a predictable effect elsewhere.

Hedge funds, which

derivatives at the Europe-based investment bank Dresdner Kleinwort Wasserstein, says that most of those currently involved in the credit derivatives market are “buy and hold” investors who plan to keep their positions until they mature. They were not damaged, he says. The only ones hurt were the hedge funds that piled into an illiquid trade on leverage and then stormed the same exit.

Many of these hedge funds are said to be nursing material losses and could be hit with investor redemptions down the line. One large hedge fund manager, GLG Partners, said the ratings downgrade was partially to blame for a 14.5 percent drop in its \$1 billion Credit

Fund. But as a group, hedge funds managed to eke out a tiny profit for the first five months of the year.

And probably the worst result from the troubles in the credit derivatives market will be lower earnings from the big investment banks most active in facilitating the trades, such as Merrill Lynch and Deutsche Bank, which could be stung by the temporary reduction in deals.

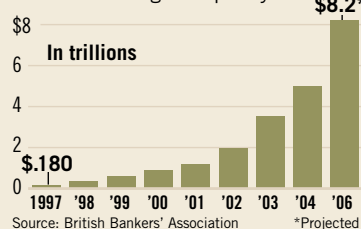
Instead of portending economic devastation, the GM event might even have been salutary. Mazzocchi says that such market hiccups can help reveal and regulate the risks being taken on.

“If there are gigantic positions out there that we didn’t know about, the market will show us,” he says. They are also extremely valuable in stress testing and steering what is still a very young market, adds Cornell University’s Robert Jarrow, known for his decisive work on interest rate modeling.

Jarrow believes that the credit derivatives market, when run right, contributes greatly to the financial health and flexibility of the economy and that hedge funds, although the weakest link in the chain, are still unlikely to make the sort of dangerous miscalculations pioneered by the financial wizards at Long-Term Capital Management. “As long as the people who issue the contracts are responsible, then credit derivatives are welfare improving and make the system work better,” says Jarrow. “But there will always be things that can’t be anticipated, and there will always be human error and human greed.” ●

RISKY BUSINESS

The global market for credit derivatives—insurance that protects against corporations defaulting on their debt—has grown quickly.



often take positions that are highly leveraged, began facing margin calls and had to unwind some trades, exacerbating price swings and forcing more traders to exit. Liquidity dried up. And there was, according to the Bank for International Settlements, “a circle of deterioration.”

No bailouts. The fallout in the credit derivatives market from the GM debt debacle, of course, was far less severe than many had predicted. Despite all the doomsday scenarios, no hedge funds imploded. Nor did the markets see a rampant sell-off, although the bond market did suffer some temporary jitters. Americans did not wake up to find a repeat of 1998, when the spectacular flameout of a fund named Long-Term Capital Management roiled markets around the globe, requiring an emergency \$3.6 billion bailout orchestrated by the Federal Reserve Bank of New York.

Matteo Mazzocchi, head of global





..~] PREPARING FOR A SAFARI: [~..



Do not wear strong perfumes.
Smells are much stronger to a tiger.

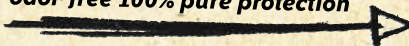


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Q&A: JOSH BOLTEN, BUDGET DIRECTOR

A Believer In Tax Cuts

By Matthew Benjamin

Last week Josh Bolten got a gift every budget director craves and this White House badly needs: a wind-fall. Tax revenues this year are projected to be up a surprising 14 percent over last year. The result should be a budget deficit some \$94 billion smaller than the \$427 billion forecast in February. Still, a \$333 billion gap is no reason to pop champagne corks, critics say, and the real fiscal trouble begins three years from now when the baby boomers start retiring and stretching Social Security and Medicare to their breaking points. Regardless, Bolten and the White House were euphoric about the new number—it bodes well for the president's campaign promise to halve the deficit by 2009—and they give credit to the tax cuts that President Bush pushed through and that Bolten, as deputy chief of staff during Bush's first term, helped draft. The 50-year-old Harley-Davidson rider and bowling enthusiast spoke last week with U.S. News.

Is this new deficit number proof that the supply-side theory works, that tax cuts pay for themselves?

I don't think you need to either accept or deny that tax cuts pay for themselves to understand in this case that tax relief has triggered a solidly growing economy. It's because of that solidly growing economy that we're experiencing this upsurge in tax revenues, making it possible for us to close the budget deficit even more rapidly than we projected five months ago.

Can you identify where the increase in revenues occurred?

Economists will be examining for years the composition of income that yielded these higher-than-expected revenues. What we can say now is that we increased revenues from all major components: individual income taxes, payroll taxes, and especially corporate taxes.

How much of the improved revenue situation is one-time, and how much is permanent?

I don't think experts will know the answer to that for many months. We're experiencing this year an extraordinary increase in federal revenues, 14 percent, the largest in 24 years. We're not assuming that kind of revenue expansion going forward. Probably something closer to 6 percent.

Does this add fuel to the argument for making the tax cuts permanent?

It absolutely does. We project a continuing decline in our deficit through the next five years, down to a very low level, near 1 percent of [gross domestic product]. In order to do that, we need to keep a lid on spending and keep the economy rolling. Our economists believe and I believe that to do that we need to keep the tax cuts in place.

What happens when the baby boomers start retiring, though?

The numbers today make that picture better. The fiscal difficulty is not in the next decade but the succeeding one, when the baby boom generation is fully into retirement. We have huge unfunded liabilities—Social Security, Medicare, and Medicaid. Nothing we do with taxes or discretionary spending can alter the trajectory of those challenges. What we have to do is fundamentally reform the entitlement programs themselves. The president has started that process with his proposal on Social Security reform.

Didn't the White House increase long-term liabilities with its Medicare drug benefit?

It was a step forward this country had to take. It was ridiculous that we had a Medicare system designed in the 1960s that in the 21st century still didn't provide prescription drugs.

The president doesn't seem to be getting much traction on his Social Security proposal. The president's plan, which includes personal accounts, is a pretty big challenge politically because it's a problem that will only be fully visible or tangible

SUPPLY SIDE. Increasing tax revenues and a narrowing budget gap are manna for the Office of Management and Budget director.





to people a decade or two from now, at which point it will be enormously harder to fix. The president has made a great deal of progress in educating the American people about a problem that, to many people, seems to be on the other side of the horizon.

And yet private accounts won't shore up the system.

Private accounts are an essential part of a comprehensive solution. In and of themselves, they don't have a major effect on the overall solvency of the system. But they do provide an opportunity for younger workers to get a better deal out of the system.

The 2006 budget the president submitted in February made a real attempt to shrink or cut some federal programs. How is that budget faring on Capitol Hill?

The House of Representatives has accepted, in whole or in part, somewhere around two thirds of the 154 cuts we proposed. So we're making some real progress. The Senate is a more challenging situation. But I have optimism that the Congress will be able to deliver something at or close to what the president has asked for.

How about simplifying the tax code?

There are a great number of complexities and unfairnesses built into the code that reduce the efficiency of our economy and provide perverse incentives and are unnecessarily complicated. There are great opportunities for reform there. The president directed the treasury secretary to look into it, and he's appointed a commission to study it and report back in September. That will set off a process of serious consideration of tax reform.

But I don't want to understate the political difficulty of tax reform. Every provision in the code has several patrons in Congress, so fundamental reform is going to be a very heavy political lift. My own view is that it's worth it and we ought to be able to do it on a bipartisan basis. Republicans and Democrats have to realize we have a tax code badly in need of reform.

You've taken a much less confrontational approach toward Congress than your predecessor did. Do you think it's working?

Everybody has [his] own style. I spent time on Capitol Hill as a staffer for the Senate Finance Committee. I'm comfortable working on the Hill. If the word is I've got good relationships going there, I'm glad.

The president's nickname for you is "Yosh"? I think it's just a derivative of my name. I had a variety of nicknames in the 2000 campaign. This one is the most courteous, so I'm glad it's the one that stuck. ●

Why more and more businesses are turning to incentive programs to rein in soaring costs for employee healthcare

By Karen Pallarito

Physician A. O'tayo Lalude is an apostle of rigorous diabetes management. When patients come to his Louisville, Ky., office, they get the works—a battery of preventive measures ranging from blood sugar, cholesterol, and urine tests to counseling on diet, exercise, and how to quit smoking.

While better versed than many of his primary-care peers in the finer points of managing the chronic disease, even Lalude admits his attention to detail has improved since joining Bridges to Excellence, a voluntary “pay for performance” initiative that singles out and rewards physicians who achieve quality-of-care goals.

These days Lalude (rhymes with holiday) keeps a checklist with every diabetic patient's chart reminding him to order necessary lab tests and specialist referrals. He used to assume that patients would keep their appointments for diabetic eye-care screenings. Now he checks with the ophthalmologist for no-shows.

Trend du jour. Earlier this year, he joined an elite class of Bridges physicians recognized for delivering high-quality diabetes care. For his efforts, he'll receive a \$700 bonus, or \$100 per Bridges patient he treated in 2004. That's small change in the whole scheme of running a medical practice, but his earnings could swell in future years as program sponsors begin encouraging patients to switch to better doctors by offering coupons good for discounts on, say, diabetic supplies. “I knew I was doing a good job,” he says, “but I wanted my peers to see what I was doing.”

Basing provider payments on quality was a nascent concept when General Electric, Procter & Gamble, Ford, UPS, Verizon Communications, and others launched Bridges in 2002. Today, it is the trend du jour in healthcare. More than 100 performance-based programs are in place across the United States, nearly triple the number up and running in 2003, according to MedVantage, a healthcare software firm in San Francisco. Today, most large health insurers have some sort of provider incentive program. Medicare alone has

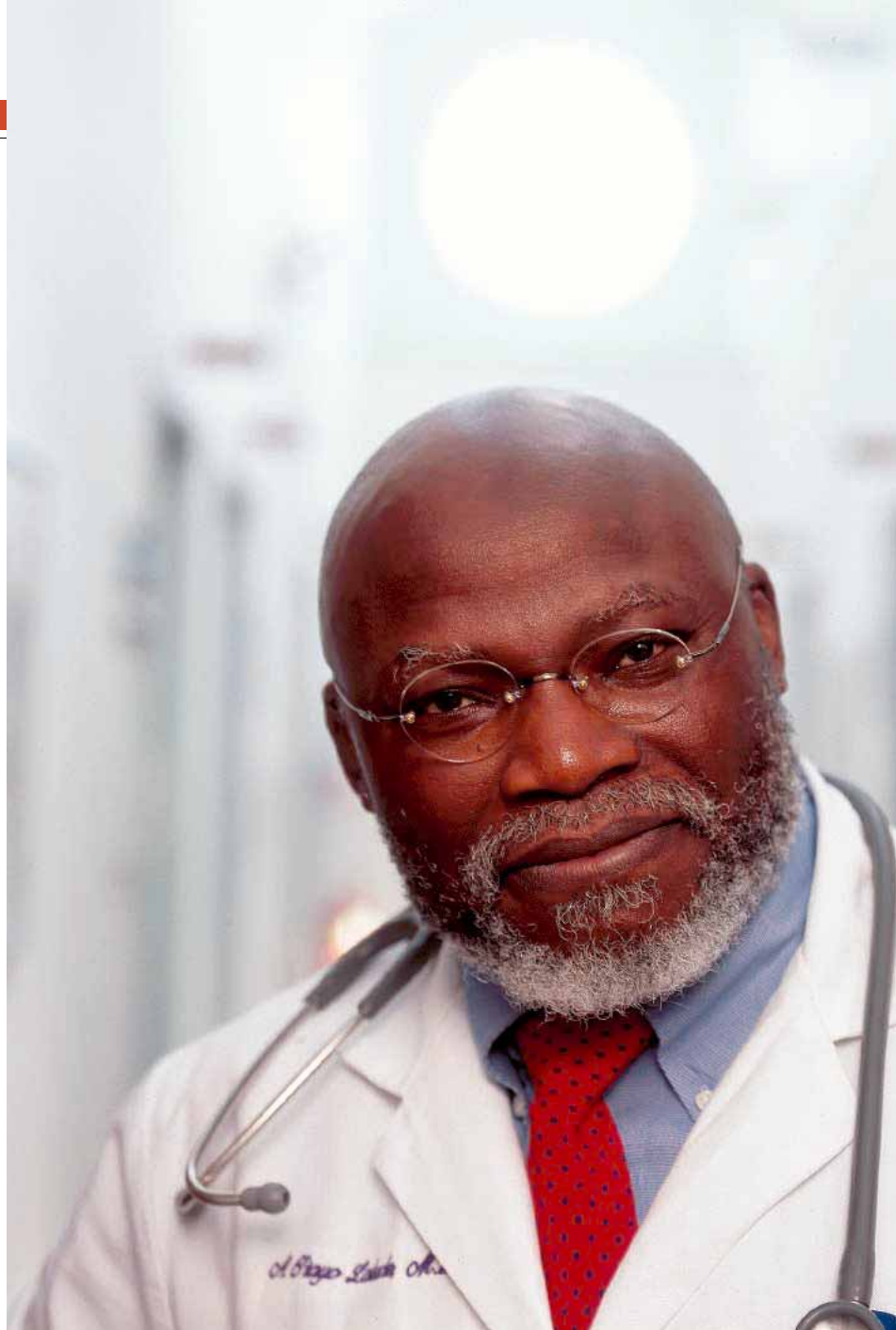
demonstrations in the works at 10 sites.

It's not hard to see why purchasers and payers are fiddling with provider payments. The average premium for a family of four is approaching \$10,000 a year, according to a Kaiser Family Foundation/Health Research and Educational Trust survey.

Foisting onerous managed-care constraints upon resistant doctors and patients, a common practice of the mid-1990s, did not solve the nation's

healthcare problems. So employers are taking a different tack. By demanding higher quality, they hope to rid the healthcare system of costly errors and inefficiencies. “We didn't get into this to save money; we got into this to improve value,” insists Robert Galvin, GE's director of global healthcare.

To the average consumer, paying doctors and hospitals to do what they ought to be doing anyway might seem a bit cockeyed. “I think that Joe and Jane on the



A BUSINESS PRESC

RIPTION

street are very wary of this whole thing and appropriately so, because one could ask the question, 'Haven't we always done this?' " observes David Nash, professor and chairman of health policy at Jefferson Medical College in Philadelphia.

But the modern healthcare system pays doctors and hospitals fees for delivering services without consideration for the quality of care or patient satisfaction. And medical treatments proven to save lives often fail to reach patients.

A 2003 Rand Health study highlights the widespread underuse of recommended services: Only one quarter of diabetic patients had their blood sugar measured regularly, just 45 percent of heart-attack patients received beta blocker drugs to avoid future heart attacks, and a mere 38 percent of adults were screened for colorectal cancer. Overall, patients received only 55 percent of recommended care, and that's "a rather optimistic view," says study author Elizabeth McGlynn, Rand's associate director. While the study measured which treatment the doctors prescribed and took into account explicit patient refusals of care, it did not reflect patients who simply ignored their doctor's advice.

"We're paying for care whether it's good or bad, free or full of mistakes," says Suzanne Delbanco, CEO of the Leapfrog Group, an employer group that seeks to improve healthcare quality and affordability.

Bridges, which operates in Louisville, Cincinnati, Massachusetts, and upstate New York, is rather unusual among incentive-based programs. Doctors can earn bonuses ranging from \$50 to \$160 a patient if they meet specified quality targets in three areas: diabetes, cardiac care, and patient-care-management systems. Since its inception, the sponsors have handed out more than \$1.5 million in awards.

Other programs divvy up existing reimbursements based on how hospitals or doctors score on various quality measures. Beginning early next year, Horizon Blue Cross Blue Shield of New Jersey will begin paying a majority of its 18,000

network physicians differing amounts based on their historical quality-of-care track record. Better doctors will earn more, midlevel performers will take home standard fees, and the lowest performers will get a pay cut. Every year or two, Horizon will recalculate doctors' performance and restructure their payments accordingly.

As pay for performance evolves, the next logical step is to offer consumers a *Zagat*-style shopping guide with information about the cost and quality of their providers, says Geof Baker, president and CEO of Med-Vantage. Currently, only 15 programs are publicly reporting results of doctors, but in five years, as many as 50 to 60 will do so, he

predicts. Horizon Blue Cross Blue Shield expects to begin releasing physician results to the public by mid-2006. "Making this transparent to the consumer may be equal or may be potentially more of a motivation for improvement than tinkering with reimbursement," says Nicholas Bonvicino, the company's senior medical director for clinical network management.

Better bottom line. Because these incentive programs are still new, there's little quantitative information to show if they work. But early findings from Bridges' diabetes program are encouraging. Doctors recognized as quality providers delivered services at 15 to 20 percent below the cost for nonparticipating doctors, Galvin says. While their office visit costs were slightly higher, the doctors had sharply lower hospitalization and emergency room costs.

At PacifiCare Health Systems, a large Cypress, Calif., insurer, there has been a 30 percent reduction in hospitalizations in one year for coronary-care patients since the implementation of pay for performance and other disease management programs, says Sam Ho, chief medical officer.

As for what the future of pay for performance holds, "We don't know yet," admits Donald Berwick, head of the

Institute for Healthcare Improvement in Cambridge, Mass. He worries that rewarding doctors for focusing on independent procedures instead of taking a holistic approach could lead to unintended consequences. "You don't necessarily get wholly proper care," he says. The American Medical Association, meanwhile, favors

voluntary programs.

In Louisville, Bridges to Excellence has been received with mixed responses from physicians. Some doctors felt it was "shoved down" their throats, says Fred A. Williams Jr., president of the Jefferson County Medical Society and an endocrinologist who has earned recognition as a quality diabetes provider under the program.

As for Lalude, he says the program is reinforcing what he considers his correct approach to treating diabetes. "GE did not write the medical literature," he reasons. "What GE's saying is... why don't you control it? And we'll pay you to keep your nose out of trouble and your eye on the shop." ●

"We didn't get into this to save money; we got into this to improve value."

Robert Galvin,
director of Global Healthcare, GE



AT THE PUMP. An FCX refills at a station on California's "hydrogen highway."

of water vapor seeps out.

Every major automaker is chasing hydrogen dreams, but Honda is the first to allow ordinary bad drivers like journalists to try one out. And recently Honda leased an FCX to a California family of four, the Spallinos of Redondo Beach, who agreed to offer feedback on everyday driving. I'm sure they'll notice that the FCX is not quite as functional as other hatchbacks. The rear storage area is tiny, and the back seats don't even fold down. That's because an ultracapacitor, which stores energy captured during braking, takes up the space back there.

Cross-country trips are out of the question, too. The FCX can travel only about 150 miles between fill-ups—and hydrogen stations are scarce. (The Spallinos happen to live near California's "hydrogen highway," where several stations are being built.) There are other limitations. At highway speeds, the FCX is short on passing power. And if I tested the car in January, it might sputter, since fuel cells are finicky in extreme cold or heat.

Pit stops. Most important, fuel cells are still an immature technology, and it's not clear if manufacturers will ever be able to build them cost effectively. While hydrogen itself is a superclean fuel, extracting it from hydrocarbons, the most common production method, can create more pollution than it saves. And wringing it from water requires a lot of electricity, another source of pollution. Filling stations hundreds of miles apart won't cut it with consumers either.

But the FCX makes a persuasive case for the technology. The electric motor's clean, quiet ride is a reminder that the internal combustion engine, the automotive standard for a century, need not be the end of the road. And it's satisfying to look in the rearview mirror and know I'm leaving no toxins behind. I'm just happy I can give the FCX back to Honda before the fuel meter hits the peg. ●

More about hydrogen-powered vehicles is available at usnews.com/auto.

RUNNING ON FUMES

A test drive of Honda's new fuel-cell-powered car shows that hybrid vehicles aren't the only option

By Richard J. Newman

I'm supposed to be paying close attention to the fuel gauge—but other parts of the car are much more interesting. The accelerator, for instance. This week's test vehicle is Honda's hydrogen-powered fuel-cell car, the FCX, and it's much peppier around town than a typical economy car. It feels and sounds different, too. Since the hydrogen powers an electric motor rather than an internal combustion engine, there's no rumble, only the faint hum of machinery. As I accelerate, the FCX feels more like a tram than a car, smooth and steady, without the jolt of shifting gears. One oddity is a ghostly warble that intensifies as I speed up, like bad sound effects from a Scooby-Doo cartoon.

The futuristic FCX is a long way from showrooms—there are only about 20 on U.S. roads—but it's a glimpse at the holy grail of the auto industry. Fuel cells generate power when hydrogen mixes with oxygen from the air, and they could represent a much deeper leap into the future than hybrids like the Toyota Prius, which still require a gas-powered engine. Hydrogen can be extracted from

water, which could reshape petropolitics from China to Iraq. Hydrogen also is a more efficient fuel than gasoline. The FCX averages 57 miles per kilogram of hydrogen, roughly equivalent to 57 miles per gallon of gas. And the FCX's tailpipe emits precisely zero pollutants or greenhouse gases—only a small stream

HONDA'S HYDROCAR

The FCX runs on the energy released when its hydrogen fuel mixes with oxygen, creating a chemical reaction.

Sparky: An electric motor with smooth pickup spins the wheels.

Efficient: It averages 57 miles per kilogram of hydrogen, roughly equivalent to 57 miles per gallon.

Clean: Water vapor is the only tailpipe emission.

Scarce: There are only about 20 of the cars in the States now. Mass production is years away.





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By Paul J. Lim

THE WEEK AHEAD

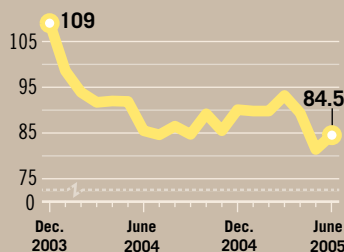
PIVOTAL PROFITS

The stock market goes as earnings grow. This means the second-quarter corporate reporting season—which kicks off in earnest this week—will be pivotal to the equity market's performance for the rest of the year. Among companies due to report quarterly profit numbers this week are **Citigroup**, **Johnson & Johnson**, and **Yahoo!** Clearly, the overall rate of profit growth is decelerating. After soaring nearly 20 percent in the fourth quarter of 2004, compared with a year earlier, earnings grew 14 percent year over year in the first quarter of 2005 and are estimated to have increased 7.5 percent in the second. But Jonathan Golub, U.S. equity strategist with J.P. Morgan Funds, notes that profits aren't tumbling so much as "they're slowing to a more sustainable average. If you go from 20 percent to 8 percent, you're not moving backward; you're moving forward at a reasonable pace."

SENTIMENT TEST

Despite a surprisingly strong spring for stocks, investor confidence weakened in the second quarter. This week, Wall Street will find out if sentiment improved in July as the latest results of the **State Street Investor Confidence Index** are released.

INVESTOR CONFIDENCE INDEX



Source: State Street Global Markets

In China, U.S. Firms Shop Till They Drop

Ever since China's state-owned oil giant CNOOC made a splashy bid for California-based Unocal, questions have been raised about the fairness of such an acquisition. Critics say that while Chinese firms can freely shop for U.S. companies, American firms can't make similar deals in China. Well, a recent study has found that the playing field is indeed tilted—but the United States has the upper hand. According to Bank of America's Investment Strategies Group, U.S.-based companies had made direct investments totaling more than \$15 billion in Chinese firms as of last year. Meanwhile, Chinese companies' direct investments in U.S. firms came to only \$314 million as of 2003 (the last year for which data are available). While CNOOC's bid has garnered headlines, less attention



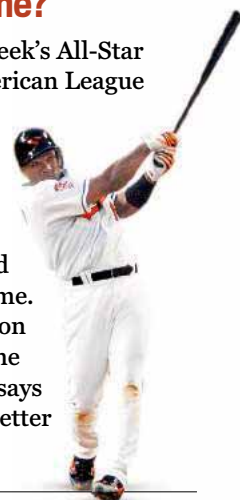
has been paid, for instance, to Goldman Sachs's interest in buying a major stake in China's biggest state-owned bank. Says Joseph Quinlan, chief market strategist for the Bank of America group: "It's no contest—U.S. firms enjoy an outsize investment advantage."

Surf's Up for Workplace Slackers

Wasn't the Internet supposed to make workers *more* efficient? As it turns out, surfing the Internet is the single biggest thing employees do to waste time on the job, according to a new study by the compensation firm Salary.com. And it's one of the primary reasons Americans fritter away 2.1 hours each working day—not counting lunch breaks. This means upwards of \$759 billion in salaries is wasted each year. So much for the boom in worker productivity. While some slacking off is built into salaries, "workers on average are wasting a little more than twice what their employers expect," says Bill Coleman, senior vice president of Salary.com.

Could the Stock Market Be Going, Going, Gone?

Say it ain't so, Miguel. Named most valuable player in last week's All-Star Game, the Baltimore Orioles' Miguel Tejada helped the American League beat the rival National League. But he may have also unwittingly reduced the odds of a come-from-behind finish for the stock market this year. How's that? Well, researchers at Standard & Poor's say that since 1933, in years when the National League wins the midsummer classic, stocks have surged 5.3 percent on average in the last half of the year. And the market has posted second-half gains 76 percent of the time. But when the AL wins, equities rise only about half as much on average—2.6 percent. What's more, stocks have gone up in the second half of those years only 58 percent of the time. That, says Sam Stovall, S&P's chief investment strategist, is really "no better than the results of a coin toss." ●



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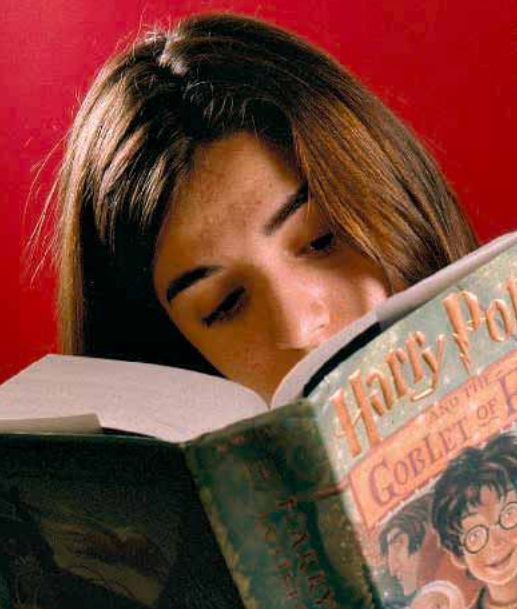


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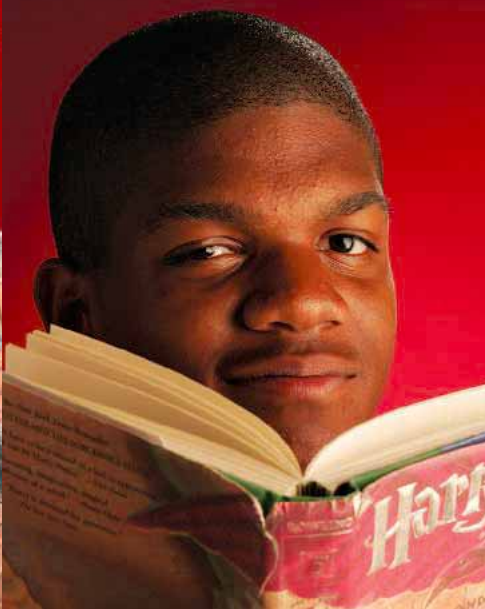
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STANLEY EDMONDS, 15



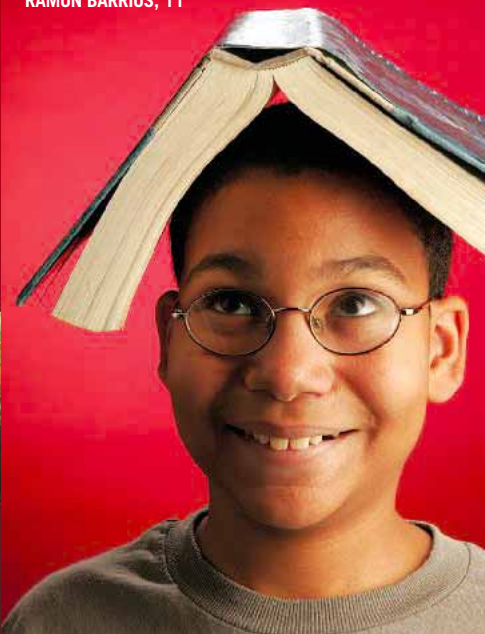
JAMES SHAW, 14



OWEN, MIMI, AND ANNA CLEMENS, 10



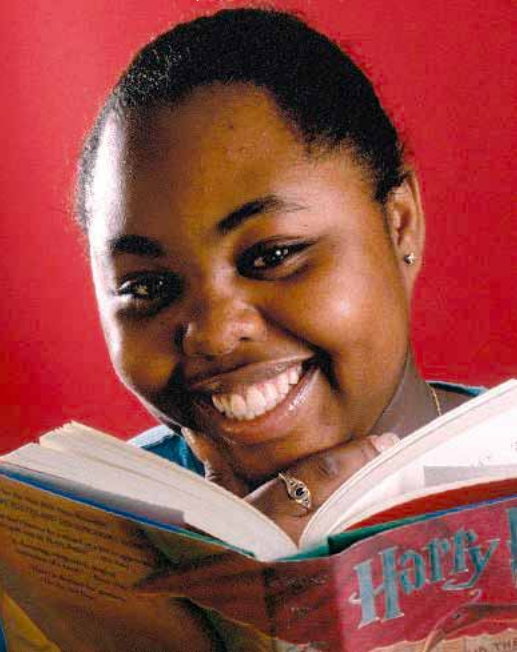
RAMON BARRIOS, 11



ASHLEY MESSINGER, 14



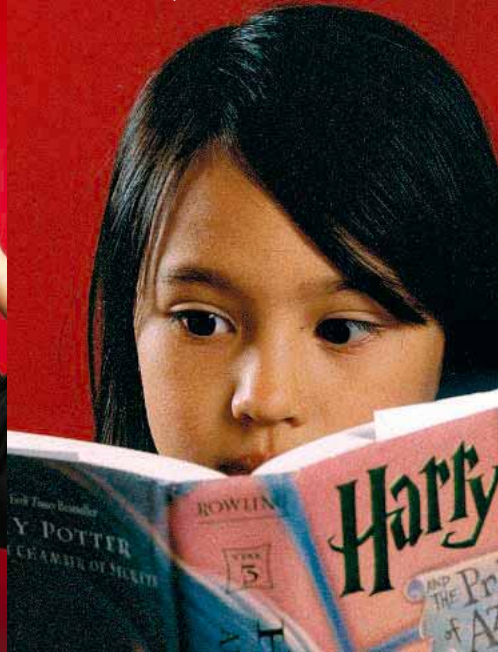
ASHLEI RAVENELL, 18



CHERYL HINTERLEITNER, 14



JOSEPHINE PURDY, 8



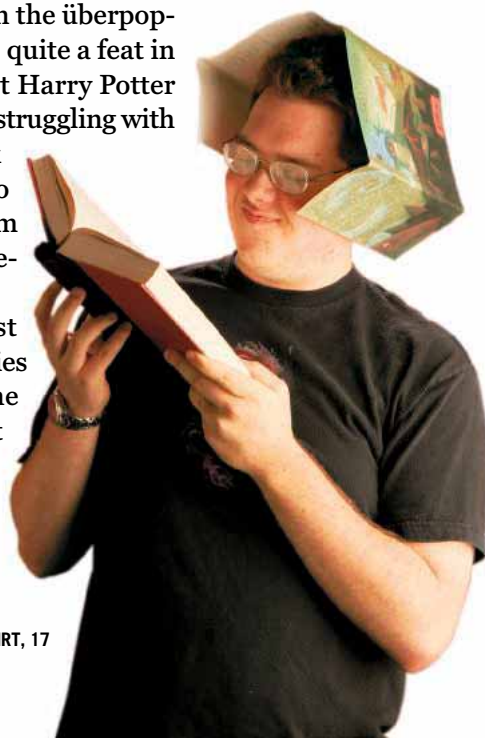
The Power of Potter

CAN THE TEENAGE WIZARD TURN A GENERATION OF HALFHEARTED READERS INTO LIFELONG BOOKWORMS?

By Vicky Hallett

Ben Buchanan made absolutely sure his schedule would be clear this week. Like millions of Americans, the Texas teen is devouring the 672 pages of *Harry Potter and the Half-Blood Prince*, the sixth book in the überpopular series by J. K. Rowling. And that's quite a feat in Buchanan's case. When he got the first Harry Potter book as a Christmas present back in 1998, he was struggling with dyslexia. "I just thought it would be another book I wouldn't like," says Buchanan, who was ready to toss it out with the wrapping paper. Then his mom read the first chapter aloud to him, and he was determined to conquer his first "real" book.

As the world eagerly cracks open the newest volume, whose initial U.S. run of 10.8 million copies is a publishing record, the true mystery isn't the identity of the royal figure in the title. It's what impact these books are having on kids. Are they converting nonreaders like Buchanan? Are they capable of helping other books defeat TV and video games in the battle for children's free



time? More than 100 million of Rowling's books are in print in the United States alone, and everyone has heard anecdotes about kids fervently reading and rereading each title. But whether all of this hype of countdowns and midnight trips to bookstores translates into a life-long reading habit remains unclear.

If our society ever needed a reading renaissance, it's now. The National Endowment for the Arts released "Reading at Risk" last year, a study showing that adult reading rates have dropped

apparent correlation between pleasure reading and reading skills, this bodes poorly for the future.

That's why many educators are hoping the Harry Potter series can work some magic.

Spellbound. "It's broken the rules," says Cathy Denman, a middle school media specialist in Florida who chairs the young adult booklist for the International Reading Association (IRA), an organization for literacy professionals. "Kids who hadn't picked up a book in years unless they'd

IN 2001, 3 OUT OF 4 CHILDREN AGES 11 TO 13 (AND 1 OUT OF 5 ADULTS) HAD READ AT LEAST ONE OF THE HARRY POTTER BOOKS.

10 percentage points in the past decade, with the steepest slump among those 18 to 24. "Only one half of young people [in that age bracket] read a book of any kind—including *Harry Potter*—in 2002. We set the bar almost on the ground. If you read one short story in a teen magazine, that would have counted," laments Mark Bauerlein, the NEA's director of research and analysis. He attributes the loss of readers to the booming world of technology, which woos would-be leisure readers to iPods, E-mail, IM chats, and video games and leaves them with no time to curl up with a novel.

These new forms of media undoubtedly have some benefits, says Steven Johnson, author of *Everything Bad Is Good for You*. Video games improve problem-solving skills; TV shows promote mental gymnastics by forcing viewers to follow intertwining story lines. But books offer experience that can't be gained from these other sources, from building vocabulary to stretching the imagination. "If they're not reading at all," says Johnson, "that's a huge problem."

In fact, fewer kids are reading for pleasure. According to data released last week from the National Center for Educational Statistics's long-term trend assessment, the number of 17-year-olds who reported never or hardly ever reading for fun rose from 9 percent in 1984 to 19 percent in 2004. At the same time, the percentage of 17-year-olds who read daily dropped from 31 to 22.

This slow but steady retreat from books has not yet taken a toll on reading ability. Scores for the nation's youth have remained constant over the past two decades (with an encouraging upswing among 9-year-olds). But given the strong

been forced to were reading the series and then asking me for more books like it. For the first time for them, a book was as exciting as a video game." Although there have been no comprehensive studies of the effect of the books in the United States, the U.K.-based Federation of Children's Book Groups just released figures showing that 59 percent of U.K. kids think the books have improved their reading skills and 48 percent say the books are why they read more.

Part of the allure is the thrilling story, with well-developed characters and an avalanche of magical moments. That's what ensnared precocious readers like 12-year-old Hannah Bredar of Washington, D.C., who tackled the first book when she was just 5. "I love that Harry lives in two worlds, one with Muggles and one with wizards and witches, and has to go between the two," she analyzes.

More critically, the books enchanted struggling readers as well—kids like 17-year-old Mike Cossairt of Stafford, Va., who credits Harry Potter for his discovery of pleasure reading and its effects. "I had pretty bad English grades, but then I increased my vocabulary and started to do better," says Cossairt, who now enjoys titles like *Of Mice and Men*. Although the Harry books grow more complex with



each installment, the series structure gives kids a basis of knowledge to work from—like what Hogwarts is all about and that Draco Malfoy kind of sucks. That makes it easier to get through a book a reader wouldn't have been able to understand otherwise. It also didn't hurt that grown-ups fell for Harry, too, giving chil-



same at countless other schools. According to the NPD Group, in May 2001, nearly 3 out of 4 kids ages 11 to 13 had read at least one Harry Potter volume.

In fact, Harry Potter may be the first (and only) literary status symbol for the young. University of Nevada-Reno Prof. Diane Barone has just completed a seven-year study following the reading habits of 16 low-income kids from kindergarten to sixth grade. Her timing coincided with the release of the Harry Potter books, and their stamp on these children's lives was unmistakable. "In second or third grade, they all started carrying around the books even though they couldn't read them," she explains.

"By fifth and sixth grade, they'd all read them. It was a status thing. They wanted to be part of the club."

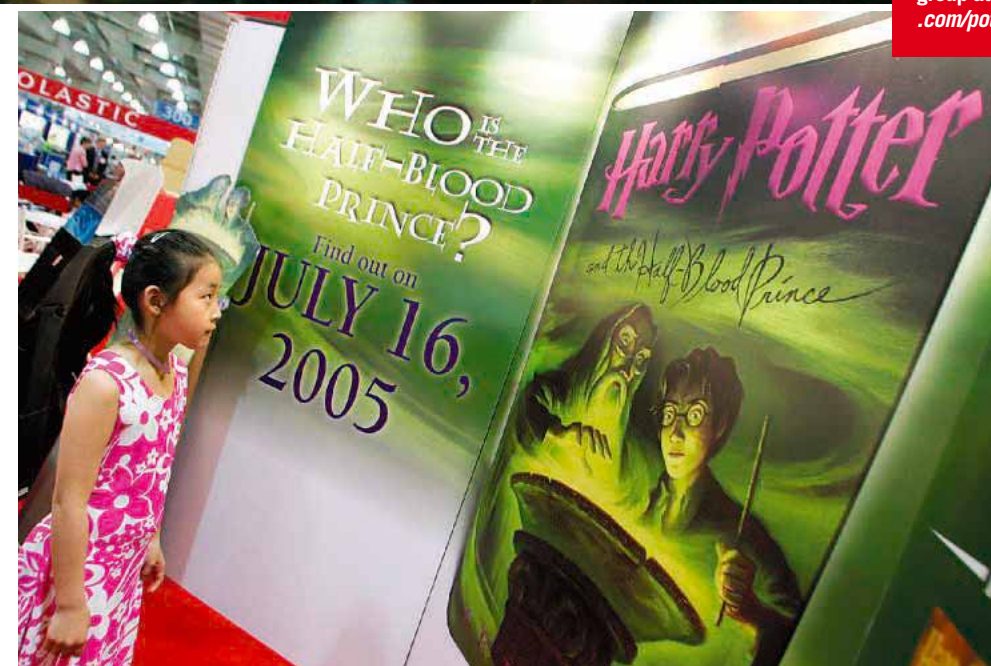
Joining the Potter club was a smart move. The students in Barone's study gained stronger reading skills than she originally thought they would. Of her group, 14 achieved or surpassed

At a Virginia library, kids predict what will happen in book six; prerelease Harry hype; Harry and the Potters sing at New York's Donnell public library (more on the group at usnews.com/potterband).

the benchmarks for reading at grade level. Although hardworking teachers receive most of the credit, Barone gives Harry Potter his due. She noted a sense of accomplishment in the children once they had read the Potter books and watched them take on more challenging titles.

That's not to say every child jumped on the bandwagon. The antibook bias remains strong among middle schoolers. Chelsea Guy, a 13-year-old from Knoxville, Tenn., is a member of Amazon.com's panel of Harry Potter fans recruited to predict what happens in the new book; her friends were reluctant at first to try the series. "A lot of kids won't touch a book, but I bargained with a few of them and convinced them to read Harry Potter," she says. "They don't want to let people know they're reading because they're worried the popular kids will make fun of them."

Reversing peer pressure is remarkable, but some people believe it wasn't simply Rowling's writing that turned the tide. "It's appealing, it's cute, it's witty, but it's very conventional," says Jack



dren and parents a book to read together and talk about.

Blastoff. At Denman's Florida middle school, peer pressure even motivated remedial English students, who originally couldn't handle the Potter books. "They were missing out on something, even when they watched the movies," she says.

"It became one of those things you needed to know." So, like Buchanan, they slowly slogged through. Buchanan, who wrote a book about his experience, *My Year With Harry Potter*, recalls, "Reading for me was like being an astronaut. I liked the idea of it, but I couldn't do it. After Harry Potter, I could." It was the

Zipes, a professor at the University of Minnesota and author of *Sticks and Stones: The Troublesome Success of Children's Literature From Slovenly Peter to Harry Potter*. "It's popular because of marketing," Richard Allington, president of the IRA, agrees that movies, fast-food tie-ins, and toys give a book extra kid cred. "When you commercialize a book, the audience expands," he says. "I can't say that's a bad thing."

Why don't other books get the same push? asks Kevin Smokler, editor of *Bookmark Now*, an anthology of late-teenage-to-30ish writers discussing the future of literature. The Potter promotion has "made reading an event with the glitz of a movie premiere," he says. "It's an amazing experiment of how we'll deal with books in the 21st century." For children, dressing up and dragging their parents to a bookstore at midnight is a memorable experience. More book events could get people excited about reading again. "If there's a memoir about a firefighter, I want to see a Dalmatian and a hose at the bookstore," he says. Incorporating books into pop culture, rather than separating them into something refined and rarefied, can make literature more accessible—the way Harry Potter is.

Unfortunately, poor kids aren't always part of the Potter universe. Although the children in Barone's study managed to snag copies of the books, that's not often the case. It's what Allington calls the "good reader" effect. Kids who are already proficient readers or who have parents with enough time and energy to help them with problem spots are enjoying the Harry Potter books, but other kids don't get the opportunity. (And they arguably need the books the most—kids from lower socioeconomic strata tend to have the lowest reading scores.) "My fear is that this is another case of the rich get richer because they're the ones most likely to experience it," Allington says. Rebecca Constantino, founder of Access Books, a nonprofit based in Los Angeles that stocks school libraries, echoes his concerns. "I don't know many inner-city kids who are excited about the sixth book coming out," she says. "It's months to wait for it at the library, and then they'll



Austin librarian Michele Gorman thrills kids with her stash of graphic novels.

forget about it. They're going to give up."

Yet if these underprivileged kids can get hold of the Potter books, they're

likely to be hooked. Gillian Williams was principal of PS 63, an elementary school in the South Bronx, N.Y., catering to poor children, when she discovered the first book in 1998 and sent it home with a student. "Next thing I knew, he was loan-sharking this book out, and it went through the fifth grade like wildfire," she says. Before long, students had formed a Harry Potter fan club and had persuaded teachers to throw a Harry Potter day, during which they played math-based quidditch. In the summer of 2000, when the fourth book came out, she drove the club to a Barnes & Noble on the Upper West Side because there was no

bookstore in their neighborhood.

The experience was transformative for Williams, who can't help but gush about Harry Potter. "I go from being professional to going berserk," she apologizes. She has since left PS 63 to found School Turnaround, a nonprofit that helps struggling schools get back on track, and as she works with their teachers, she tries to pass on the lesson she learned from Harry Potter: "Unless kids want to read, you can't make them do it." But once a book captures their attention, she adds, teachers can use elements of the story to excite students about their classes.

Confused by suffused. As much as educators like Williams adore Harry Potter, the feeling is far from universal. Some teachers say less-advanced readers are scared off by the heft of the tomes, along with their advanced vocabulary (quick,

LAST YEAR, 19 PERCENT OF 17-YEAR-OLDS NEVER OR HARDLY EVER READ FOR FUN, COMPARED WITH 9 PERCENT IN 1984.

get your 10-year-old to define “contemptuous” or “suffused”) and potentially confusing fantasy elements (um, hippogriffs?). “If a teacher can get children to read more by using Harry Potter, I’m all for it,” says Zipes, who also runs a children’s literacy program in Minneapolis. “I can only tell you that the kids I work with aren’t reading them.” For those children, the crucial trick is selecting titles that will turn them on—like Lemony Snicket’s *A Series of Unfortunate Events*, which Allington prefers for readers who find Harry too foreboding because of length and plot structure. The more kids read, the more comfortable they are with books, and the better they are at it. “It’s hard to find a good reader who doesn’t like to read,” says Barbara Kapinus of the National Education Association.

If Harry Potter doesn’t lure kids in, maybe comic books will. That’s what librarians are finding, as they reel in book-wary students with comics, graphic novels, and *manga*, the genre of Japanese comics. “Kids exist in a visual world, and comic books are a natural mode of text for them,” says Ben Towle, cofounder of the National Association of Comics Art Educators, which is promoting the use of these works in literacy programs as well as other school subjects.

Skeptics may still think of comics as trash lit. But Michele Gorman, an Austin librarian, is a believer. “They’re fun, but they’re not always easy to read. The vocabulary can be advanced, as can the imagery,” she says. That’s why she’s focusing on the library’s comics collection. After all, *Maus* by Art Spiegelman, the graphic novel telling of his father’s story of survival during the Holocaust, is as powerful as (if not more than) any plain-prose volume, and Jeff Smith’s *Bone* series, about three cousins who get separated in a weird world, is often compared with *The Lord of the Rings*.

Pick pix. Comics can be a blessing for less confident readers. The art gives clues that promote enjoyable reading. “Clearly, literacy is happening. Kids are talking about books,” Gorman says. And even a *manga* addict might segue into more-traditional novels. Gorman noticed a video-game fanatic playing a game similar to *The Lord of the Rings*, so she dug up her copy of the graphic-novel version of *The*

Harry Comes to Campus

Harry Potter currently attends the University of Virginia. Actually, a search for the name Harry Potter on *Thefacebook.com*, a popular online social network for college students, retrieves 32 profiles for “Harry Potter” at uni-

versities across the nation. University students list the book series as one of their interests.

Vanishing act. The teen wizard also is showing up in the lecture halls. At Frostburg State University in Maryland, physics Prof. George Plitnik—occasionally known to

dress as Hogwarts Headmaster Dumbledore in a black robe and pointed wizard hat—has taught four courses that examine the magic in *Harry Potter* using scientific theories. In one lesson, students investigated the possibility of using a wormhole through time to “apparate”—wizardspeak for vanishing from one place to reappear elsewhere.

At Kansas State University, English Prof. Philip Nel teaches the popular course “Harry Potter’s Library,” in which J. K. Rowling’s books are read along with their literary influences, such as C. S. Lewis’s *The Lion, the Witch, and the Wardrobe*. Writing teacher Cynthia

Ryan of Middle Tennessee State University uses *Harry Potter and the Sorcerer’s Stone* in her class. “There are so many ways to look at it,” says Ryan. “I could see an entire course of Arthurian legends and myths compared to Harry Potter as the archetypal hero or a literary theory course studying Harry Potter through Marxist criticism.”

As with children, though, Potter’s real spell seems to be reminding college students that reading can be fun. “Remember when you were a little kid, and you used to like reading in your free time?” asks Amanda Morin, 21, a Yale senior and religious studies major. “Now I go to the bookstore, and I pull out other books and read them in my spare time. [Potter’s] gotten me reading fiction again.” —Jessica Feinstein



At 12, Emerson Spartz founded *mugglenet.com*. Now 18, he’s still a Potterphile.

versities across the nation.

A work of magic? Hardly. The number who use the boy wizard’s name as their screen name when they log in underscores the books’ popularity with college students. As the Harry Potter generation grows up, they’re bringing a dash of Hogwarts School of Witchcraft and Wizardry to the quads and classrooms of real universities.

Eighteen-year-old Emerson Spartz founded *mugglenet.com*, a popular Potter website that receives more than 15 million hits a month, when he was just 12. This fall, Spartz heads off to the University of Notre Dame, and he says he has already been flooded with E-mails from students there begging him to start a Potter club. If he decides he has time to get one going, it won’t be the first. At the University of California–Berkeley, 907 students are members of a Potter group on *Thefacebook.com*, while 943 Harvard

Hobbit. When he returned, he told her it was the best book he'd ever read, and he wanted more. So she slipped him the J. R. R. Tolkien trilogy (without pictures). He devoured that, too.

A big obstacle in hooking kids on books as Gorman did, many educators say, is the way schools have evolved. "Teachers are under pressure to accomplish goals for tests. Reading out loud goes by the wayside," says University of Maryland Prof. Mariam Jean Dreher. School library vis-

its are often scheduled appointments; to speed along the study of a topic, many teachers rely on worksheets instead of books. "Why should students think [reading] is important if we don't give them time to do it?" Denman asks.

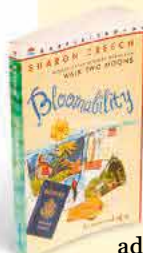
Boy lit. Lack of choice is part of the problem. Not every child shares the same taste—boys are particularly underserved when it comes to appealing book options—so the books that are assigned can easily strike out. Former el-

ementary school teacher and popular author Jon Scieszka says this arrangement has to change: "We've structured it so kids think of reading like medicine. It tastes bad, but it's good for you."

"A teacher has 25 copies of the same book and marches through it—if you want to ruin a book, that's a good way to do it," says Allington. "When you create choice, you create engaged readers." Just ask Cheryl Hinterleitner, 14, who showed up at a Harry

If Kids Made Summer Book Lists...

When it comes to books that can distract kids from their summer reading lists, Harry Potter is the champ, but he's not alone. We asked Potter fans, ages 12 to 18, to recommend their favorite non-Potter books.



AGES 8–12
BLOOMABILITY by Sharon Creech. The author of *Walk Two Moons* spins the story of Dinnie, an American girl who must

adjust to an international school in Switzerland and learn how to realize her "bloomabilities."

BOSTON JANE: AN ADVENTURE by Jennifer L. Holm. It's 1854. Prim 16-year-old Jane Peck must jump into a raging river to save a canoe, among other things, while awaiting her fiancé and fending for herself in the barely settled Pacific Northwest.

MONTMORENCY: THIEF, LIAR, GENTLEMAN? by Eleanor Updale. The sophisticated Montmorency climbs the elitist ladders of Victorian England by day and by night is Scarper, a lowlife criminal.

THE TIME WARP TRIO by Jon Scieszka. Boys love the series and no wonder. Three



friends use a magic book to travel through time for silly adventures with knights, Neanderthals, and a giant with killer burps.

AGES 13 AND UP
CIRQUE DU FREAK by Darren Shan.

Creepy: A boy is caught up in a world of vampires and freak shows. A seven-book series.

DEMON IN MY VIEW by Amelia Atwater-Rhodes. An alienated teenager writes vampire novels; then one day a carbon copy of her literary villain shows up at school.

Atwater-Rhodes published her first book at age 13 and this one while she was in high school, using her closet floor as an "office."

ENDER'S GAME by Orson Scott Card. Six-year-old super-genius Ender Wiggins

carries the weight of the world on his shoulders as Earth prepares for a final showdown with alien "buggers." Like Harry Potter but even more intense, says

Rachel Smyth, 17, of New York. According to children's book expert Anita Silvey, author of *100 Best Books for Children*, "the book has been used in mili-



tary schools to train new cadets in military thinking and in college leadership classes."

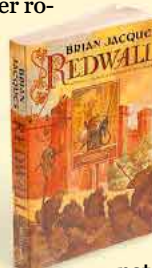
LIFE, THE UNIVERSE AND EVERYTHING by Douglas Adams. Space and time traveler Arthur Dent teams with Zaphod Beeblebrox, Slartibartfast, and others to save the universe from killer ro-

bots. As in Adams's *Hitchhiker's Guide to the Galaxy*, interplanetary high jinks drive the story.

REDWALL by Brian Jacques. "It's the adventures of a rodent civilization," says Anaïs Berland, 15, of New York: mice vs. evil rats who seek to end the tranquility of their abbey.

SILENT TO THE BONE by E. L. Konigsburg. When Branwell is accused of dropping his baby half-sister and causing her coma, he stops talking. Only his best friend can get him to speak to exonerate himself. "A good story about teenagers," says Julie Mazziotta, 14, of Bethesda, Md.

SLAM! by Walter Dean Myers. To realize his hoop dreams, a 17-year-old basketball phenom must rise above urban ills, an alco-



holic dad, and a best friend who deals crack.

THE CHRONICLES OF NARNIA by C. S. Lewis. The series has enchanted readers for over 50 years. The story of four children who enter a fantasy land through a wardrobe is actually a Christian allegory, but even the nonreligious can appreciate it. Sure to be hot with a movie version due in December.

THE GOLDEN COMPASS by Philip Pullman. Like the Potter series, Pullman's Dark Materials trilogy attracts teens and grown-ups. In book one, Lyra Belacqua, who lives in a Victorian-like alternate world, sets off on a quest to recover a vanished friend and learn the meaning of a mysterious element known as Dust.

THE WEE FREE MEN by Terry Pratchett. The book starts with a witch in training listening to her elbows for advice and gets weirder from there, as our heroine, aided by 6-inch blue men, battles fairyland monsters. James Shaw, 14, of Stafford, Va., liked the "swords that glow blue when they get close to lawyers." And really, who wouldn't? —Josh Davidovich



Potter book discussion at the Porter branch of the Central Rappahannock Regional Library in Virginia two weeks ago dressed as a member of the Weasley family, eating Voldetorte (a chocolate confection) and gushing about the other books she's got on her shelf, like everything by Amelia Atwater-Rhodes, who writes about vampires. But what about what she has to read for school? "I hated the selection so much that I'm writing my own," she declared. It's going to be about vampires.

59 PERCENT OF U.K. KIDS SAY THEY'RE BETTER READERS BECAUSE OF POTTER.

So how do you find books that kids can sink their teeth into? When Sean Cavazos-Kottke set up a reading program for ninth and 10th graders in Texas, he let his students pick from a list, then determine what kind of project they'd do about the book they read. One possible selection, to the chagrin of his teaching partner, was *Harry Potter and the Sorcerer's Stone*. "The assumption is that it's easy to read, and kids will never grow as a result. But there is a sophistication to Harry Potter in terms of wordplay and puns," he says. At the Witching Hour, an upcoming Harry Potter symposium in Salem, Mass., he plans to discuss the innovative projects kids created, including fan fiction, and how it was easier to get students to dig deeper into the familiar text for symbols and metaphors.

The real lesson in all of this isn't for the students, however—it's for parents and teachers. The Harry Potter books, for all the good they have undoubtedly done, are not a panacea for America's reading crisis. As Zipes says, "A book doesn't do magic. No one book will turn children into readers." What Rowling has managed to do, with the help of avid fans and clever marketers, is bring attention to the fact that children are not a lost cause. The reading crisis in America is real—and too big for Harry Potter alone to conquer. But the lesson of his success is clear: Twenty-first-century youngsters may live in an era where a mouse is a more natural tool than a pencil, and flashy images are just a remote-control click away, but they can still enjoy reading an old-fashioned book. ●

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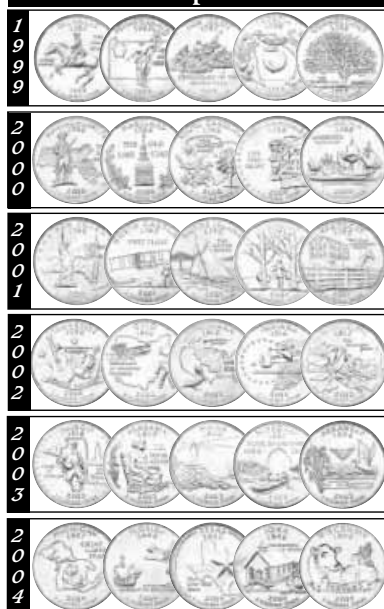
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A HIDDEN SCOURGE

India's huge population disguises the growing number of HIV-infected citizens

By Terry Atlas

MUMBAI, INDIA—*Lucky* is not a word that would ever seem to apply to the young woman standing by the brothel doorway. At 22, illiterate and unskilled, cut off from her family, Shanu Abdul Sheikh has known little good fortune in her hard life. She is a widow with a 6-year-old daughter she supports by working in a brothel on Falkland Road, the city's most notorious red-light district. Twice a day, sometimes more often, she leads a customer down a narrow corridor to a small interior courtyard, up a flight of warped wooden steps, and into a decrepit room shared with other women. There is barely space for the three sturdy beds, separated by dangling strips of cotton fabric draped from the ceiling to create an illusion of privacy. Her price for sex is as little as 60 rupees, about \$1.40, half of which goes to the brothel operator.

Yet, she is lucky, if that word can ever be used about her, in one respect: She so far has tested negative for HIV, the virus that causes AIDS. In Mumbai (formerly Bombay), an estimated 40 percent of the city's 25,000 commercial sex workers have HIV/AIDS, although most are unaware that they are infected. The statistical

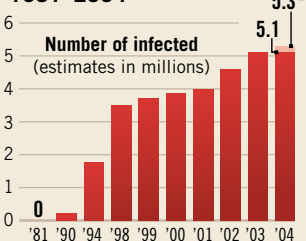
likelihood, then, is that three of the other six women working in her brothel are HIV-positive, spreading the virus and facing early death.

Even if Sheikh—born in a Bangladeshi village and married off in her early teens—doesn't fully understand HIV, government and private intervention efforts have reached into the brothels. She and other women know about the need for condoms (provided free by the government and private groups) but say they are dependent on the man's willingness to use them, which has been a major obstacle to limiting the virus's spread. On this, she says, there has been a change. "Now, they [the men] are using condoms because they are scared of AIDS."

That news is encouraging but by no means lets India breathe easier. Because of India's huge population, the national HIV/AIDS adult prevalence rate is deceptively low—less than 1 percent—which masks the problem's alarming scale. One in every 8 HIV-infected people worldwide

is in India—and the number is growing by 500,000 a year, over 10 times the annual increase in infections in the United States. Officially, the country has at least 5.1 million infected people, second only to South Africa's 5.3 million, 21 percent of its adult population. "The official statistics are wrong," asserts Richard Feachem, head of the internationally backed

HIV IN INDIA 1981–2004



*Global Fund to Fight AIDS, Tuberculosis and Malaria estimate

Sources: United Nations, Indian government

USN&WR





Global Fund to Fight AIDS, Tuberculosis, and Malaria. "India is in first place."

This is a critical time for India: An optimistic scenario envisions containing the virus, spread here mainly by heterosexual contact, through education and prevention efforts. But there is an alternative scenario, put forward in 2002 by the CIA-affiliated National Intelligence Council, and it is horrible to imagine: as many as 25 million infected Indians by 2010, as the virus extends beyond high-risk groups such as commercial sex workers, long-haul truck drivers, and intravenous drug users—the kind of rapid, devastating spread seen in South Africa in the mid-1990s.

Tipping point. There are signs that HIV is starting to break out into the general population as, for instance, infected urban hotel and office workers return to visit wives who remained behind in rural towns and villages. In some areas of the country, the incidence rate has climbed as high as 4.5 percent, beginning to create Africa-like consequences such as shattered families and AIDS orphans. If that trend accelerates, India's already strained, underfunded healthcare system will be quickly overwhelmed, and its fast-growing economy hit hard. "We are moving toward a tipping point in this epidemic, but we aren't there yet," says Ashok Alexander, who heads the ambitious five-year, \$200 million program of the Bill and Melinda Gates Foundation to help India avert an AIDS catastrophe.

The Indian government, long inhibited by conservative social traditions and political denial, is increasingly facing up to the alternative futures. In January, for instance, new Prime Minister Manmohan Singh met with newspaper executives to encourage more AIDS coverage. In addition, regional politicians are pressing for more action at the local level, such as medical conferences held recently in Bangalore. "There is a lot of political vision now being mobilized," says a longtime AIDS activist, I. S. Gilada, a physician who was among the first to sound the alarm after India recorded its first AIDS death in 1986. "But had the government been more active in the initial period of the epidemic, it could have changed things in a very big way."

Spending in India on HIV/AIDS programs is increasing with help from the United Nations, the U.S. government, and private donors such as the Gates foundation, which estimates that a fully

STARTING YOUNG. Some 4,000 prostitutes work Mumbai's red-light district. Many began as minors.

funded HIV-prevention and care program in India would require \$1 billion a year. India's actual numbers fall far, far short of that: Spending on HIV/AIDS programs totals less than \$150 million a year, or about 29 cents a person—much less, for instance, than Uganda's per capita spending of \$1.85 or even Thailand's 55 cents. Thailand's success at holding its prevalence rate below 2 percent—even given its commercial sex industry—is taken by activist groups such as the Gates foundation as evidence that

deaths are attributed to other opportunistic diseases such as tuberculosis and that the government understates the real infection figure. The Gates foundation is planning a three-month effort to collect blood samples from 30,000 people in high-risk groups to establish a reliable baseline from which to assess counter-HIV measures. The foundation program Avahan (Sanskrit for "call to action") is funding local intervention efforts that include clinics aimed at providing the most active sex workers and truck drivers with

prostitution (sometimes after being abducted), are victims of rape or incest, were abandoned by husbands who absconded with their dowries, or are in the brothels because they have no other way to survive or pay off debts.

Sheikh, who came to Mumbai from Bangladesh when she was 8, says she is one of the last group, without any good alternatives. Dressed in a pale-blue sari, she shows a smooth complexion and shy, girlish smile that defy the downward arc of her life. It's not clear how much she understands about AIDS.

After being tested, she was unable to read the report and put it away with her few possessions until someone could read it for her.

Outreach. She pulled out the papers during a visit by Gilada, who for more than 20 years has been an advocate for providing health services to the city's sex workers. And in recent years—with limited outside funding—his Peoples Health Organization has run an acclaimed peer education program that provides condoms, information, and testing for the Falkland Road women. Establishing a network of outreach workers among older prostitutes, his Saheli Project has helped spread AIDS awareness with, for instance, testing facilities and with posters inside the brothels comparing using condoms to wearing protective gear when playing cricket. Prevention efforts are doubly important because few Indians, once infected, can get life-extending antiretroviral drugs. Ironically, India has been a leading global supplier

of generic copies of HIV/AIDS drugs, but few Indians can afford them, and the government has lagged in promises to provide for the needy.

At his private infectious-disease clinic a short drive from Falkland Road, Gilada sees about 10 new patients a week for HIV tests, mostly middle-class office or shop workers. About 1 in 4, he says, tests positive. He is concerned that infected patients, even with counseling, rarely tell their wives and live in denial. "It is seen as a disease of sex workers, truck drivers, and drug users," he says, "not as a disease of everybody."

If that broader reality is not apparent now, sadly, it may be very soon. ●

"Had the government been more active in the initial period of the epidemic, it could have changed things in a very big way."

I. S. Gilada, a physician and AIDS activist



IN MEMORIAM. The funeral of a man who died of AIDS. Over 5 million people in India are HIV-infected.

intervention can reverse the spread of the HIV epidemic.

Still, even some well-educated Indians consider all the foreign attention overblown considering that far more Indians now die from dirty water and common diseases than die from AIDS. Vinod Mehta, editor-in-chief of the news-magazine *Outlook*, contends that the AIDS alarm reflects a combination of western phobias about the Third World and Indian eagerness to attract foreign financial aid. "It is a scare which is blown completely out of proportion," he asserts.

The truth is that the numbers are uncertain—but not in the way he suggests. Some AIDS experts say that many AIDS

condoms, testing, counseling, and treatment for sexually transmitted diseases (because those infections can increase the transmission of HIV).

Along Falkland Road, a chaotic street crowded day and night with pedestrians and honking traffic, women beckon from curtained doorways. Some 4,000 prostitutes work the area. Some of the older ones are *joginis* from impoverished families who, following an ancient (now banned) tradition, were "married" to a deity before puberty and designated to live as prostitutes. In Sheikh's brothel, the sole decoration is an 8-by-10 picture of the *joginis'* deity, the goddess Yellamma. Others here have been sold into

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HEALTH WATCH

Edited by Margaret Mannix

Look, Ma, No Hands. Yikes!

No matter what you think, that hands-free cellphone doesn't make driving any safer. A new study in the *British Medical Journal* finds that drivers using cellphones have four times the risk of being involved in car accidents that result in hospital visits, regardless of whether the driver was using a hands-free gadget or an old-fashioned cellphone. "There is accumulating evidence that it's really the conversation itself that's a major distracter," says Anne McCartt, vice president for

ROBIN WEINER—UPI



research at the Insurance Institute for Highway Safety in Arlington, Va., and one of the study authors. —Samantha A. Goldstein

Asthma Drugs OK, At Least for Now

A Food and Drug Administration panel reluctantly agreed last week to keep three widely used asthma drugs on the market, despite evidence that the

TANNEN MAURY—BLOOMBERG NEWS / LANDOV



JONATHAN NOUROK—GETTY IMAGES

A Clear Sign for Diabetics

Diabetes can make blood sugar levels fluctuate, which is devastating to the kidneys, nerves, and eyes. Over time, the blood vessels that supply the eye can leak and even grow where they don't belong. Virtually everyone with diabetes eventually develops some diabetic retinopathy, as these changes are called, and many lose their sight entirely.

In this month's *Diabetes* journal, researchers found that patients who took the drug ruboxistaurin were less likely to lose their vision, even though the drug didn't actually slow the progression of the condition. "It's interesting to see that it may have some benefit," says Mayo Clinic ophthalmologist Jose Pulido, who was not involved in the study. Another trial is looking more closely at the drug's effects on vision. Meanwhile, Pulido says, the best thing for patients to do is keep tight control of blood sugar levels and blood pressure, to stop the condition from ever developing. —Helen Fields

drugs increase risk of death in a small number of people. Both Serevent and Advair widen the lungs' air passages and reduce the risk of an attack when taken daily. Both carry black-box warnings, the FDA's most serious alert, because they have been found to worsen attacks in some patients, especially African-Americans. The panel stopped short of yanking the drugs, as it

didn't have enough data to tell what was causing the problems. But the panel urged drug makers to investigate and asked the FDA to add a warning to a similar drug, Foradil. Some panel members said doctors shouldn't prescribe the drugs without also having patients use an inhaled corticosteroid, which reduces lung inflammation.

—Nancy Shute

Gambling on a Costly Side Effect

Mayo Clinic researchers reported in the latest edition of the *Archives of Neurology* that a small percentage of Parkinson's patients became compulsive gamblers after taking certain drugs in the dopamine agonist class, especially Mirapex. The drugs mimic the effects of the neurotransmitter dopamine, which helps control body movement and reinforces the feelings of pleasure from a reward. Some patients lost

STEPHANIE DIANI FOR USN&WR



hundreds of thousands of dollars. "These were not folks that had a gambling history," says psychiatrist Leann Dodd, the lead researcher. —Betsy Querna

It's Good for You. No, It's Bad for You

A review in last week's *Journal of the American Medical Association* of 49 prominent medical studies found that nearly a third were contradicted entirely or found to describe a smaller effect than originally thought. The study's author, clinical epidemiologist John Ioannidis of Greece's University of Ioannina, admits that, yes, in a few years another study could overturn his results. "Science is never final." —H.F.

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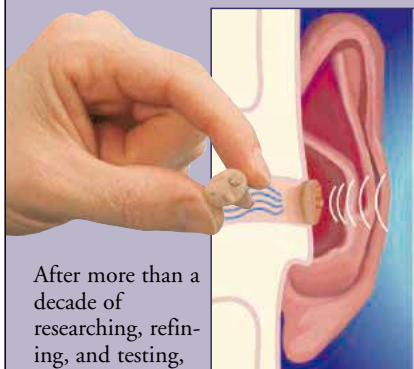
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By John Leo



Rooting for the Martians

DAVID KOEPP, WHO WROTE THE SCREENPLAY for *War of the Worlds*, says the Martian attackers in the film represent the American military, while the Americans being slaughtered at random represent Iraqi civilians. I see it differently. I think the Martians symbolize normal Americans, while those being attacked are the numbskulls who run Hollywood. Perhaps the normals went a bit too far in this easy-to-understand allegory, but think of the provocation.

Among other things, Koepp made the “there is no Internet” mistake, carefully masking his analysis in U.S. interviews, but saying it flat-out in *Rue Morgue*, an obscure Canadian horror magazine, apparently thinking nobody would notice. But as the movie makes clear, once the normals begin to track you with their newfangled technology, there is no escape. They can find you even in Canada.

Hollywood has grown eye-poppingly angry with the rest of the country, mostly over Bush and Iraq, but partly, at least, because the left-coasters apparently thought they were somehow entitled to a string of Democratic presidents after Clinton. The upshot is that even mild-mannered nonpropagandists like George Lucas have come under pressure to display their lefty credentials with silly political touches. The first three, brilliant *Star Wars* had no such touches, but the last three, nonbrilliant ones surely do. In the last of the epics, two anti-Bush lines showed up: “Only a Sith [a dark lord] thinks in absolutes” and “If you’re not with me, you are my enemy.” Lucas said the “enemy” sentence had been written before Bush’s similar words after 9/11. Maybe so, but Lucas had three years or so to figure out the political impact of the line but left it in anyway. Last May, at the Cannes Film Festival, natural breeding ground for excitedly anti-American prose, Lucas apparently said that his final *Star Wars* movie, featuring the rise of Darth Vader and the sinister empire, is a wake-up call to Americans about the erosion of freedoms under President Bush. (I say “apparently” because Cannes news reports, appearing only in various Canadian papers, had no direct quotes about a wake-up call, only paraphrases.) Paul Jackson of the *Calgary Sun* wrote: “Now [Lucas] says the *Star Wars* movies have a political message: Fight to free Americans from the evermore frightening dicta-

torial tyranny of the Bush administration.”

The soft and squishy side of the Hollywood mind was on display in Ridley Scott’s unintentionally hilarious movie about the Crusades, *Kingdom of Heaven*. A Crusader is shown beheading a hostage, thus establishing moral equivalence with the monstrous terrorist tactics of today. Saladin’s sister is executed by the Crusaders (in real life, as opposed to reel life, she was released). The famous Saladin picks up and admiringly fondles a Christian crucifix he finds on the ground. Somehow I doubt this happened. Muslims had spent several centuries slaughtering Christians or converting them at swords’ point. The good-hearted Christian king of Jerusalem aspires to establish a tolerant, multicultural, and apparently relativistic kingdom of Muslims, Christians, and Jews that seems like a 12th-century version of Beverly Hills run by a studio head.

Unhinged. “There is a tremendous drive in Hollywood to exculpate Islamofascist terrorists,” Michael Medved says. No movie has been made about the terrorists since 9/11, nothing on al Qaeda, the Taliban, Daniel Pearl, Saddam Hussein, the USS Cole, the embassy attacks, the daring and impressive attempts to track down terrorists. Nothing. Not even a movie about heroic action after 9/11—the firemen who ran upstairs to their deaths to save others in the twin towers, the people who drove all night from Texas and the South to help New Yorkers cope with the disaster.

But wait. Help is on the way. Hollywood is still reluctant to irritate terrorists, but a few movies about 9/11 heroes are on the way. And whom did Paramount pick for the highest-profile one? Oliver Stone, the unhinged director/screenwriter who refers to 9/11 as a justified “revolt” against the established order and the six companies he thinks control the world. At a panel after 9/11, Stone said that the Palestinians who danced at the news of the attack were reacting just as people responded after the revolutions in France and Russia. He thinks 9/11 may have unleashed as much creative energy as the birth of Einstein. Internet commentators are going berserk over the idea of a wacky pro-terrorist paranoid directing the first big 9/11 movie. It will focus on two American heroes, not terrorists. But it could well turn out badly. Besides, why pick Stone? What can be done about the Hollywood brain? And where are those Martian attackers when you really need them? ●

Moviemakers have grown eye-poppingly angry, mostly over Bush and Iraq.



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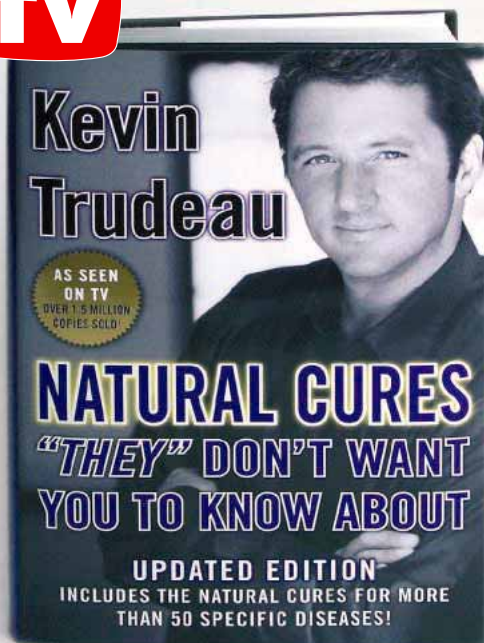
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Europe's Two Worlds

EUROPE IS CAUGHT, IN MATTHEW ARNOLD's famous words, "between two worlds; one dead, the other powerless to be born." The world that is dead is the European nationalism that turned the continent into a blood-soaked battlefield in the first half of the 20th century. The hope of the founders of the European Union was that it would replace the cycle of war with a cycle of cooperation in sustaining basic principles of democracy, human rights—and no more war.

The world that has proved powerless to be born is something Winston Churchill once called "the United States of Europe," a single political entity sharing a common constitution, laws, and foreign policy. With their rejection of such a constitution recently, however, voters in France and the Netherlands dealt what may be a fatal blow to that goal. (All 25 states had to agree for the constitution to take effect.)

Why the rejection? Fear. Fear of war has been overtaken by fear of the cheap labor of Eastern Europeans allowed to work in countries like France and Germany for the same low wages and lousy benefits they earned back home. The most disturbing fear in Europe today, however, is the fear of Muslim immigration and the emergence of a Muslim underclass disproportionately represented in the local prison population and increasingly sympathetic to radical political Islam.

With unemployment as high as 10 percent, the first fear is easy to understand, if exaggerated. When al Qaeda bombs kill scores in London, however, the second fear becomes a horrible reality. The deeper issue here, of course, is the lack of a European identity strong enough to transcend national identities. The unprecedented wave of Muslim immigration exacerbates this problem. Faced with outright rejection at worst, or an obviously chilly welcome at best, many new Muslim immigrants hew to their ethnic and religious identities, leaving many Europeans feeling even more threatened.

There is no European equivalent of the American dream. Americans in all 50 states are still Americans. Europeans in 25 different countries, by contrast, prefer to be French, Dutch, British, or Hungarian—and want to remain so. In America, people move freely from state to state. In the countries of the European Union, most citizens are committed homebodies. Fewer than 2 percent live permanently in an EU country other than their own. About half of all citizens in Europe speak only their

own native tongue. There are no common European media, which means that the political debate within the EU remains staunchly national. The Common Market failed to forge a common identity compared with the national citizenship that comes out of a shared history, a common language, and a common destiny.

Jobs—not cows. On the economic side, Europe has failed to provide the better jobs and opportunities people expected. Neither the single market nor the single currency has delivered on its promise. In those countries sharing in the euro since 2002, average unemployment is 9 percent and getting worse. In the past 30 years, average incomes have declined relative to America's. Growth has been anemic, which led to higher unemployment, which begat higher social expenditures, which begat higher taxes, which begat even lower growth.

The long-term prospects are even more daunting, as the number of pensionable people for every 100 people of working age will double over the next 35 years, rendering the elaborate welfare states of countries like France and Germany increasingly unaffordable and limiting Germany's capacity to subsidize programs further integrating Germany in Europe.

A chasm has opened up between two versions of what a single European market should be. The British, the Irish, and the Scandinavian countries pushed for an economically liberal, outward-looking EU free from the interference of Brussels-inspired regulations and can point proudly to their lower unemployment rates compared with those of France and Germany. The Brits are pushing hard for change. Prime Minister Tony Blair, soon to be the EU's new president, wants to take on the EU's Common Agricultural Policy, which distributes 40 percent of the EU budget to 5 percent of the population and keeps food artificially expensive. Agricultural subsidies—i.e., keeping French farmers happy—amount to seven times the money the EU spends on science, research, and education. "Money for jobs," says Blair, "not cows."

The clash between market-oriented Anglo-Saxons and welfare-minded continentals has left both sides unhappy. Too diverse to be contained, the EU may have to become a looser, less federalist, and more decentralized club, for the lack of a political center puts the equity of the euro at risk. As one commentator put it, European citizens "don't want to break 25 eggs to make the great European omelet." Which means a United States of Europe is a world increasingly powerless to be born. ●

Many had hoped that a new "United States of Europe" would replace the hoary nationalism of the continent, but primal fear is preventing that from happening.

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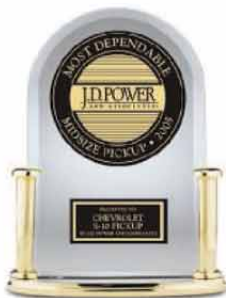
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The Chevrolet Silverado HD, Prizm, Malibu and S-10 Pickup; Cadillac Escalade EXT; Buick Century and LeSabre; and GMC Yukon/Yukon XL were the highest ranked vehicles in their class in the J.D. Power and Associates 2005 Vehicle Dependability StudySM of 2002 model year vehicles. Study based on a total of 50,635 consumer responses indicating owner reported problems during the previous 12 months of ownership. www.jdpower.com

General Motors Corp. — Oshawa #2, Ontario (Car) was the highest ranked plant in North/South America, Oshawa #1, Ontario was the second ranked plant and Hamtramck, MI, was the third ranked plant in North/South America among plants producing vehicles for the U.S. market. J.D. Power and Associates 2005 Initial Quality StudySM Study based on a total 62,251 U.S. consumer responses indicating owner reported problems during the first 90 days of ownership. www.jdpower.com ©2005 GM Corp. All rights reserved. The marks of General Motors and its divisions are registered trademarks of General Motors.