



CLIPS

PRODUCED BY BULLETIN NEWS [HTTP://DOT.BULLETINNEWS.COM](http://DOT.BULLETINNEWS.COM)

DATE: FRIDAY, APRIL 16, 2010 7:00 AM EDT

TODAY'S EDITION

Secretary In The News

FTA Announces Additional \$765M For ARC Project (METROMAG)	5
FTA Funding To Advance 'Access To The Region's Core' Project (PRR).....	5
MARAD Announces Grants To Small Shipyards (MARINELG) ..	6
Two Puget Sound Shipyards To Split \$2M In Fed Funds (PUGBIZ)	6
DOT Chief LaHood: Dallas At 'forefront Of Livability' (DMN)	7
Letter Urges Repeal Of Mexican Trucks Program (RefrigTrans) ..	7
Senate GOP Continues To Resist Sanctions-Based Distracted Driving Rules (STREETSBLOG).....	7
If Bicyclists Ruled The Roads... (TakePart).....	8

DOT In The News

DOT Freight Measure Up Again In February (TRUCK)	9
--	---

Federal Aviation Administration

Volcanic Ash From Iceland Forces Cancellation Of Flights, Disrupts Travel For Thousands (WP)	10
Volcanic Ash Closes European Airports (LAT)	11
Volcanic Cloud Casts Long Shadow Over US Travel (NYT/AP) ..	12
Volcano Ash To Cause Europe Flight Disruptions To Worsen (USAT)	14
Volcanic Ash To Curtail Air Traffic Into Midday Friday (NYT)	15
Abrasive Ash Poses Threat To Jet Engines (FT).....	17
Volcanic Ash Halts Many Trans-Atlantic Flights (PHI)	17
Widespread Cancellations To Europe (WP)	17
U.K. Shuts Airports As Iceland Eruption Chokes Skies (Update4) (BLOOM)	18
Airlines Must Reroute Or Refund Passengers (IRET)	19
Ash Cloud From Iceland Volcano Halts Air Traffic Across Europe, Effects Reverberate Worldwide (CHIT/AP)	20
Volcanic Ash Disrupts U.S. Flights To Europe (WSJ).....	22
Volcano Eruption Halts Europe Flights (WSJ)	22
Volcano Forces Up To 6,000 Flight Cancellations (CNN)	24
Large Parts Of European Airspace Unavailable - Eurocontrol (WSJ/DJ).....	24
Several Flights From LAX To Europe Canceled Because Of Volcanic Ash (LAT)	25

Ash Forces Delta, United To Scrub More Europe Flights (Update2) (BLOOM)	25
France To Close Orly, Charles De Gaulle Airports From Tonight (BLOOM)	26
6th UPDATE: Volcanic Ash Clouds Disrupt European Air Traffic (WSJ/DJ).....	26
Iceland Ash To Completely Close Swedish Air Space 2000 GMT (WSJ/DJ)	27
Volcanic Ash From Iceland Grounds European Flights (FT)	27
Volcanic Ash Prompts Flight Curbs In Poland (BSWK)	28
Iceland's Volcanic Ash Cloud Disrupts Travel Plans Of Thousands Of US Passengers (MINNST/AP)	28
Chicago Flights To Europe Delayed Due To Volcanic Ash In Iceland (CHIT/AP).....	29
Air Traffic Disruptions Expected In Dutch, Belgian And North Western Part Of German Airspace In The Coming Hours (ATC)	29
Mind The Ash! A Reporter Stuck In London (FOX).....	29
Belgian Airspace Closed Friday-Brussels Airport (Inquirer)	30
Canadian Air Carriers Cancel Europe-bound Flights Due To Volcanic Ash (CP)	30
Cancelled Flights Spain Phones Numbers Spanish Airports Aena Network Ash From A Volcanic Iceland (Barcelona) ..	31
Volcanic Ash Affects Airplanes, Weather, Sunsets (AP)	31
Qantas Cancels UK-Bound, Frankfurt-Bound Flights Friday (WSJ/DJ).....	32
Qantas, Singapore Air Cancel Europe Flights On Volcanic Ash (BLOOM)	32
Q & A: Volcanic Ash Poses Major Flight Hazard To Airlines (LAT/AP)	33
Q&A: Volcanic Ash (FT).....	34
Volcanoes Belching Abrasive Ash Risk Aircraft Engine Flameouts (BLOOM)	34
Volcanic Eruptions Could Continue For Months (WSJ)	35
Flights May Be Restricted For Days, Says Taskforce (IRET)....	35
Iceland Volcanic Eruption May Ignite Geological Chain Reaction (BLOOM)	36
Continental Air, United Said To Resume Merger Talks (Update3) (BLOOM)	37

Continental And United Resume Talks To Merge (NYT).....	38
Continental On United's Merger Radar (CHIT).....	39
Report: United And Continental Discussing Deal; United Was Said Talking Combo With USAir (CHIT/AP).....	40
UAL, Continental Rise After N.Y. Times Says Merger Talks Resume (BLOOM).....	41
UAL, Continental Discuss A Tie-Up (WSJ).....	42
United, US Air Merger May Yield Routes For 'Skeptical' Justice (BLOOM).....	43
Latest IATA Statistics Show Continuing Traffic Improvement (AirTransIntel).....	44
Air Travel Increases On Fewer Flights (PITTR).....	44
DIY Airplane Combines Four Seats, Turbine Power And Jet- Like Speed (WIRED).....	45
Aviation Alt Fuel Hopes To Get The Lead Out (WIRED).....	45
Klobuchar, Colleagues Ready To Tackle Airline Tack-on Fees (MINNPOST).....	46
Headlines: Airlines May Be Taxed For Bag Fees (FREEP).....	47
On To Mars: Obama Declares, 'I Expect To See It' (AP).....	48
President Eyes Mars, Not Moon (USAT).....	49
NASA Plan Fails To Appease Critics (WSJ).....	50
Obama Vows Renewed Space Program (NYT).....	51
At Space Center, Obama Defends Changes In Space Program (WP).....	52
Obama Looks To Deeper Space As NASA's Mission (LAT).....	53
Obama Unveils NASA 'vision' In Kennedy Space Center Speech (ORS).....	55
Uncertain Launch For Obama's Space Mission (WT).....	56
Obama Brushes Off Criticism, Says He's '100 Percent' Committed To NASA (HILL).....	57
Now It's The President's Plan (NYT).....	58
Obama Doesn't Get It; Space Is Last Frontier (USAT).....	59
Jet Returns To Omaha; No Injuries (OMAHA).....	59
Passenger, Cargo Traffic Up At Memphis International In March (MEMBIZ).....	60
Pentagon Objections Hold Up Oregon Wind Farm (WP).....	60
Frontier Airlines Upgrades To Jet Service In Wichita (USAT/AP).....	61
Proposed Ore. Wind Farm Becalmed By Air Force (SEATIMES/AP).....	61
Obama Wind Farm Goals Threatened By Indian Rites, Kennedy Wish (BLOOM).....	62
Sea-Tac Airport Collects, Compacts Airplane Recyclables (SPI).....	64
Small Plane Lands Safely On Beach Near Gary (Chit).....	64
Emergency Landing For Dulles Flight (WP).....	64
Air Traffic Control Program Comes To TSTC (KXXV).....	65
FAA Extends Deadline For Customer Satisfaction Survey (AviationNews).....	65
FAA, IBM Set Sights On Real-time Network Security (GCN).....	65
Federal Highway Administration	
Lake Champlain Bridge Creates Labor Rift (AP).....	66
Lawmakers, Officials At Odds On Labor Agreement (BMTA).....	67
No Union Requirement On Lake Champlain Bridge Project (ALBBIZ).....	68

DOTD Announces \$81.4 Million For Roads Damaged By Hurricanes (SDN).....	69
Quinn Touts Road Construction Plan (PJSTAR).....	69
\$5B For Illinois Roadwork In 2011, Biggest Ever (CHIT).....	69
2011 To Be Biggest Illinois Road-Building Year (CBS2CHI).....	70
Ga. Road Budget So Squeezed, DOT Can't Afford To Borrow (AJC).....	70
\$25.3 Million In State Bridge And Road Projects Moving Through FASTER Pipeline (InDenver).....	71
Work Set To Begin On New I-90 HOV Lane (BELLR).....	71
Big Year Ahead For State Road Construction (CHIT).....	72
Dallas Mayor Says Costs May Put Parts Of Trinity Project On Hold (DMN).....	73
Ports-to-Plains Truck Reliever Route In Howard County 1 Step Closer To Reality (KOSA).....	74

Federal Motor Carrier Safety Administration

Iowa Governor Signs Bill Allowing Heavier Trucks (LLMAG).....	75
NSTA, UMA Members Lobby Congress, DOT During Annual D.C. Meetings (SCHTRANNEWS).....	75
Immigration Raids Center On Shuttles (NYT).....	75
Immigration Raid Targets Vast Network (WSJ).....	77
CVSA Reschedules June Roadcheck To Avoid Memorial Day (TRUCKINFO).....	78
PennDOT Provides Information On School Bus Drivers (PM).....	78

Federal Railroad Administration

Doyle, Amtrak Leaders Tout Wisconsin Train Plans (MJS).....	79
Plans For High-Speed Rail Draws National Attention (WISN).....	79
State Sets Sights On High-speed Track To Minneapolis (DR).....	79
Amtrak Changing Routes (WHEC).....	80
Council Approves Funding For Amtrak Study (PROVHIL).....	80
Governor Derails Genoa's Dreams For Amtrak (COUNEWS).....	81
Moody's Upgrades Amtrak Amid Recent Ridership Gains (WSJ/DJ).....	82
Effort Under Way To Repeal High-speed Rail Bond Measure (MERCN).....	82
Peninsula Cities To Consider Repealing \$10B High-speed Rail Bond (SFBIZ).....	83
Environmental Report On Bullet Train Section In Los Angeles Delayed (AP).....	83
High Speed Rail Still Miles From Chattanooga (WTVC).....	83
A Rail Mess Out Of Penn Station (WNBC).....	84
New Jersey Transit Says Penn Station Rail Service Suspended (BLOOM).....	84
Disabled Train Crossing Arm Blocks Oakland Traffic (MERCN).....	84
NJ Transit Trains Delayed By Amtrak Signal Problems Around N.Y. Penn Station (NJCOM).....	84
Program Reduces Accidents At Railroad Crossings (PPG).....	85
Urban Rail Presents Crossing Hazards (PITTR).....	85
Burleson Cracks Down On Illegal Train Crossings After Series Of Deaths (Star-Telegram).....	86

Federal Transit Administration

CTA To Unveil New Rail Cars (CHIT).....	87
---	----

Chicago Transit Authority Activating New Rapid Transit Cars (CHIT)	88
Impasse? McGinn Says Stop, Council Says Go On 520 Mayor Wants To Study Light Rail, Council Says Move On (SPI)	88
Council Says Move Forward On 520 Bridge, Deal With Rail Later (SEATIMES)	90
Arizona Planners Envision New Role, Routes For Light Rail (AR)	91
Light Rail Ridership Grows By 8 Percent (SPI)	93
RTA: More Transit Cuts Likely If State Doesn't Pay Up (CHIST)	93
Streetcars Are The Desire Of Many, But Are They Practical? (WP)	93
Mayor: Loss Of \$1.5M Won't Impede Bus Service (Annapolis)	95
Green ARTS Trolleys Sidelined (AMLDIS)	96
Potential Cuts To Cheverly, Morgan Blvd. Stations Draw Ire (WP)	96
Ridership Of Trolleys Spikes As Arena Opens (Kansas.com)	97
Scottsdale City Council Takes Up Transit, Safety Grants (AR)	97
THE BUS STOPS HERE? City Approves Plan To Put In 147 Transit Stops - But It May Not Happen In Your Lifetime (DESTIN)	98
Transit Service Restorations To Begin In June (SLPD)	99
Four Charged Following Two Metro Bus Robberies (SPI)	99
Transportation, Retail Top Needs For Milwaukee Downtown (MILWBIZ)	100

Maritime Administration

Clean Truck Program Called A Burden On Port Truckers (CCT)	101
U.S. Port Security Is A Global Issue (AVIATION)	102
PUC Might Oversee New Pipelines (PITTR)	103
It's Pirate Season On The High Seas (MACLEANS)	104

National Highway Traffic Safety Administration

Toyota Conducts Safety Tests On All SUV Models (NPR)	104
Toyota Testing All Of Its SUVs In Wake Of Consumer Reports' Warning (LAT)	105
Toyota Expands Tests To All Its SUV Models (WSJ)	106
Toyota To Test All SUVs (FOXBI)	107
As U.S. Tests The Lexus GX 460, Toyota Ceases Selling It Worldwide (NYT)	107
NHTSA To Test Lexus SUV For Rollover (WSJ)	108
Feds Look To Summer For Toyota Acceleration Fix (FREEP)	109
Toyota Delayed Venza Recall In U.S. For Six Weeks, Records Show (LAT)	109
Lexus GX 460: The Dying Art Of Controlling A Skid (WSJ)	110
Toyota Investors Defy Consumer Reports To Revive Market Value (BLOOM)	111
Date Set For Toyota-Suit Hearing (WSJ)	112
Beshear Signs Texting-while-driving Ban (CincEnq)	113
Beshear Signs No Texting While Driving Bill (WFIE)	113
Gov. Signs Distracted Driving Legislation (EDSUN)	114
Texting While Driving Would Become A Primary Offense Under Senate Bill (NOTP)	114
Towns Ban Texting (WNCF)	114

Wis Texting Ban Bill Headed To Governor (AP)	114
Nebraska Is Latest State To Outlaw Texting While Driving; Other States Pursue Rule (LLMAG)	115
Shut Up And Drive: Feds Target Talking, Texting Behind The Wheel (ABC)	115
US Transportation Department Cracking Down On Drivers Who Text (KVUE)	116
California Traffic Deaths Head Toward All-time Low (MERCN/AP)	116
Deaths From Traffic Collisions In California On Track To An All-time Low (SALINAS)	116
SAE 2010: Affordable Technology Key To Meeting The 2016 CAFE Rules (Autoblog)	117
Phone App Silences Texts While Driving (AP)	117
Business Insider: Ex-NHTSA Boss Sounds Alarm (DETN)	118
NHTSA Chief: Hybrids May Be Pedestrian Risk (DETN)	119
Friends Don't Let Friends Text And Drive (Paisano)	119
Manchin Declares May Motorcycle Safety And Awareness Month (WHSV)	120
Studded Tires Deadline Extended (HOMERNEW)	120
Visalia Police announce DUI Checkpoint (VISALIA)	120
Md. Speed Cameras Not Covering Costs (WP)	121
WH Opposes Higher Gas Taxes Floated By S.C. GOP Sen. Graham In Emerging Senate Energy Bill (FOX)	121
Stop 'Kyleigh's Law' - A Clear Danger To Our Teens (RHNNJ)	122

Pipeline and Hazardous Materials Safety

Administration

New Lithium Battery Rule Will Hurt Air Cargo (Aircargo)	122
Study: Bullet Line Likely Will Add To Customer Costs (HOMERNEW)	123

Research and Innovative Technology Administration

What's That Smell? Hog Manure Becomes Asphalt (AP)	125
Electric Bus Plant Could Help Area Amp Up Transit Plans Developing Transportation Plan, Testing New Technologies Among Ideas (GRNVN)	125
SAE: U.S. Energy Policy Key To What We Drive (DETN)	126

Saint Lawrence Seaway Development Corporation

Detroit Chamber Joins Effort To Push Great Lakes Growth (DETN)	127
Resolution On Asian Carp Calls For Separation Of The Mississippi River System And Great Lakes Basin (ANNARB)	128

National News

Reid Moves Up Start Of Financial Overhaul Debate (AP)	129
Obama Set To Tackle Risky Investments (AFP)	130
Showdown Looms On Finance Rules (WSJ)	130
Debate Over Financial Overhaul Intensifies In Senate (WP)	131
Partisan Schisms Aside, Financial Regulatory Reform Must Get Done. (WP)	132
Too Big Not To Get Right (WSJ)	133
The Fire Next Time (NYT)	134

Republican Quandary: Is 'No' Still The Way To Go? (WSJ)	135	Report Suggests W.Va. Mine Blast Was Preventable (AP).....	171
McConnell Lacks Support To Block Wall Street Reform Bill		Obama Orders A Review Of Troubled Coal Mines (AP).....	171
(HILL)	136	Obama Orders Safety Review Of Mines (LAT).....	172
Collins Lone GOP Holdout (POL).....	137	Reviewing Mine Safety, Obama Faults Company And The	
Eight Republicans Who May Break Ranks On Bank Bill (POL) 137		Government (NYT)	173
Foreclosures Rise As Banks Repossess More Homes (WP)...	139	Obama Blames Company For Worst Mine Disaster In Years	
Fighting Foreclosures (NYT)	139	(AFP).....	174
U.S. Economy: Factories Grow, Labor Market Struggles		Obama Orders Crackdown On Mines With Repeat Violations	
(Update2) (BLOOM)	140	(MCT).....	175
Rise In Jobless Claims Underscores Wobbly Recovery (AP) ..	141	Troubles Mount For Former Car Czar (WSJ).....	176
U.S. Industrial Production Rose In March (NYT)	142	White House Complains About CBS News Blog Post Saying	
Factory Output Surged 0.9% Last Month (WSJ)	143	That Possible Supreme Court Nominee Is Gay (WP)	177
Tech Sector In Hiring Drive (WSJ)	144	Supreme Imbalance: Court Leans Heavy On Harvard And Yale	
Stocks Edge Higher On Mixed Reports, UPS Outlook (AP)	145	(MCT).....	178
President Signs Bill To Extend Jobless Aid (NYT).....	146	Despite GOP Protests, Dems To Move Forward On Liu	
Senate Restores \$18 Billion In Jobless Benefits (AP)	147	Nomination (HILL)	180
Congress Approves Extension Of Jobless Benefits (LAT)	148	GOP Pushes Liu Confirmation Delay (POL).....	181
Senate Votes To Extend Unemployment Benefits (HILL).....	149	Senate Votes Against A Value-added Tax (WT).....	181
Summers On Demand (WSJ).....	149	A Grass-roots Approach To Conservation (USAT).....	182
Don't Blame High Unemployment On The Unemployed (WSJ) 150		In Vermont, Nuke Power Faces A Test (USAT).....	183
Senate Panel Says Regulators Ignored Risks At WaMu (AP) ..	151	Judge Rules National Day Of Prayer Unconstitutional (AP)	185
Senate Panel: Lax Oversight Contributed To Washington		Judge: Prayer Day Violates U.S. Law (WT)	186
Mutual Collapse (WP).....	152	Hastings Case Tests Religious Freedom On Campus (WP)....	187
Spreading Around The WaMu Blame (WSJ)	153	Free Association And The First Amendment (WSJ)	188
Obama Makes Light Of Anti-tax Protests (AP)	154	Ex-NSA Worker Charged In Classified Leak Case (AP).....	189
Obama 'Amused' By Tea Party Rallies (HILL)	154	A Former N.S.A. Official Is Charged With Leaking Classified	
Obama: Change Taking Hold (POL)	155	Information (NYT)	189
Obama In Miami On Fundraising Trip (MH).....	156	Former NSA Official Allegedly Leaked Material To Media (WP) 191	
Democrats' Pick For Congress In Florida Hopes Second-time		Ex-NSA Official Indicted In Probe Of Leaked Secrets (WT)	192
Run Is A Charm (WP).....	156		
Tea-Party Activists Stage Tax-Day Rallies (WSJ)	158	Editorial Wrap-Up	
Obama Skips Out On Boisterous 'Tea Party' (WT).....	159	The Gun Lobby's Colony (NYT)	193
Tea Party Activists Protest Excessive Taxation, Government		Spying, Civil Liberties And The Courts (NYT).....	194
Spending In D.C. (WP)	160	A Hostile Arizona (LAT)	194
With Tax Day As Theme, Tea Party Groups Demonstrate (NYT) 161		Scuds For Hezbollah? (LAT)	195
From Punchline To Powerhouse: The 'Tea Party' At One Year			
(CSM).....	162	The Big Picture:	
Tax Day Protesters Across Michigan Slam Government (DETN) 163		New Rules On Terror Custody Being Drafted (LAT).....	195
Anti-Obama 'Tea Party' Activists Protest In Washington (AFP) 163		Volcanic Ash Closes European Airports (LAT)	197
This Week's Economist/YouGov Poll (ECON).....	164	For Eco-friendly Surfboard Shapers, More Kelp In The Lineup	
Tea Partiers Descend On D.C. (POL)	164	(LAT)	199
'Tea Partiers' Flood Streets Of Capital (USAT).....	165	LAX Hopes To Give Taste Buds Quite A Ride (LAT)	201
Tea Party Express Announces 2010 Election Targets, Endorses		Tech Sector In Hiring Drive (WSJ)	202
Democrat (HILL)	166	Tragic Flaw: Graft Feeds Greek Crisis (WSJ).....	204
Immigrant Groups Try To Steal Thunder From Tea Party (WT) 167		Troubles Mount For Ex-Car Czar (WSJ)	206
Tax Returns: Is Obama Highest Earning President Ever? (CSM) 168		If You're A Tall Vegan Named Zolp, Your Tuition Worries Are	
Obama's Book Sales Keep Income Flush, Tax Returns Show		Over (WSJ).....	207
(LAT)	169	Volcano Ash To Cause Europe Flight Disruptions To Worsen	
Obamas Paid Almost \$1.8 Million In U.S. Income Tax (MCT) ..	169	(USAT)	209
Obamas Report Earnings Of \$5.5 Million In 2009 (NYT).....	170	NATO Strikes Killing More Afghan Civilians (USAT)	210
Obamas Report \$5.5 Million In Income On 2009 Tax Return		Volcanic Ash To Curtail Air Traffic Into Midday Friday (NYT) ...	211
(WP)	170	Investment Firm Agrees To Settle Kickback Inquiry (NYT)	212
Bidens Below Average In Charitable Giving (WT)	171	Obama Widens Medical Rights For Same-Sex Partners (NYT) 213	

A Former N.S.A. Official Is Charged With Leaking Classified Information (NYT)	214	Rebate Expected To Put Sparkle Back In Appliance Sales (CHIT)	228
Florida Governor Splits With G.O.P. On Teacher Pay (NYT) ...	216	Meteorite Hunters Rush To Wisconsin (CHIT)	230
Teachers Set Deal With City On Misconduct System (NYT)	217	Jobless Benefits Advance (AJC)	231
Immigrants In Work Force: Study Belies Image (NYT)	218	Fulton County School Board To Consider Raising Millage Rate (AJC)	231
Some At MoMA Show Forget 'Look But Don't Touch' (NYT) ...	219	AirTran Hiring Pilots, Flight Attendants Again (AJC)	232
Obama Orders Hospitals To Grant Same-sex Couples Visitation Rights (WP)	220	'Tea Party' Protesters Descend On State Capitol (AJC)	233
Former NSA Official Allegedly Leaked Material To Media (WP) ..	221	Ford Says Auto Future Hinges On Electric Car (FREEP)	234
Nearly Two Dozen Congressional Fundraisers Held At D.C. Springsteen Shows Last Year (WP)	223	Arson Suspect Stalked Victim's Mom, Police Say (HC)	234
Texas City Revives Paddling As It Takes A Swat At Misbehavior (WP)	225	HISD Sets Improvement Plan For Troubled Schools (HC)	236
D.C. Council Chairman Doubts Merit Pay's Finances (WT)	226	Kick-Ass Lives Up To Its Title, Billing (HC)	237
Police Find Social-host Laws One More Way To Crash Teen Parties And Penalize Parents Who Allow It (CHIT)	227		

SECRETARY IN THE NEWS

FTA Announces Additional \$765M For ARC Project (METROMAG)

metro-magazine.com, April 16, 2010

On Wednesday, U.S. Transportation Secretary Ray LaHood announced that the Federal Transit Administration (FTA) will make a further "down payment" toward an eventual commitment of \$3 billion by approving a \$765 million Early Systems Work Agreement (ESWA) amendment to continue and expand work on the Access to the Region's Core rail project, which will carry the rail line under the Hudson River. The agreement includes \$385 million in federal funds matched by \$380 million in local funding.

"This project is not only essential to meeting the transit needs of many thousands in the community," LaHood said. "But the Obama Administration also recognizes that it will create good-paying jobs for thousands more, fueling the region's recovery."

LaHood said that the announcement reaffirms the administration's firm intent to enter into a full funding grant agreement to provide \$3 billion in discretionary FTA New Starts funds for the \$8.7 billion project. The nine-mile commuter rail extension will consist of two new tunnels under the Hudson River, new rail tracks between Secaucus Junction and New York's Penn Station, and a new rail station underneath 34th Street in midtown Manhattan.

This mega transit project will allow NJ Transit to double rail service capacity into Manhattan, free up capacity for Amtrak, and reduce travel times and crowding on trains and at Penn Station.

"Our \$3 billion commitment to this project will be the largest in the 33-year history of the FTA," FTA Administrator Peter Rogoff said. "By providing these additional resources now, we will create thousands of jobs on a project that will shorten the commute for millions of New Jersey and New York residents in the future."

The FTA made an initial \$1.35 billion available for the project in June, including funds from the Recovery Act. The ESWA will help NJ Transit meet key milestones and keep the project on schedule and within budget by allowing the immediate use of federal and local funds for tunneling and related construction work.

FTA Funding To Advance 'Access To The Region's Core' Project (PRR)

Progressive Rail Roading, April 16, 2010

Yesterday, the Federal Transit Administration approved a \$765 million Early Systems Work Agreement amendment toward the eventual \$3 billion the administration has committed to the Access to the Region's Core project, which will establish a rail line under the Hudson River.

The agreement includes \$385 million in federal funds matched by \$380 million in local funding.

The announcement reaffirms the administration's intent to enter into a full funding grant agreement to provide \$3 billion in discretionary FTA New Starts funds for the \$8.7 billion project, said U.S. Transportation Secretary Ray LaHood in a prepared statement.

The nine-mile commuter-rail extension will include two new tunnels under the Hudson River, new tracks between Secaucus Junction and New York's Penn Station, and a new rail station underneath 34th Street in Midtown Manhattan.

The project will enable New Jersey Transit to double rail service capacity into Manhattan, free up capacity for Amtrak, and reduce travel times and crowding on trains and at Penn Station.

MARAD Announces Grants To Small Shipyards (MARINELG)

[Marine Log](#), April 16, 2010

The U.S. Maritime Administration (MARAD) has announced \$14.7 million in grant awards to help improve 17 small shipyards in 16 states. The funds will help these shipyards become more competitive by purchasing modern equipment and training workers.

"These grants will help modernize small shipyards and strengthen our economy by making sure we maintain the ability to build and repair ships in the United States," said U.S. Transportation Secretary Ray LaHood.

"Small shipyards are an important part of our nation's shipbuilding industry," said David Matsuda, Acting Maritime Administrator. "Shipyards on both coasts, the Great Lakes and our inland waterways will be able to increase productivity and be more competitive as a result of these grants."

The grants, which are part of the Assistance to Small Shipyards program, will go to shipyards around the country that provide essential services to commercial and government ships.

MARAD received over 160 grant applications requesting \$180 million in assistance.

The following shipyards will receive grants:

Boothbay Harbor Shipyard, LLC (Boothbay Harbor, ME) - \$360,900 for new wider cradle for 750 ton marine railway

C&G Boat Works, Inc. (Mobile, AL)- \$1,199,122 for new 220 ton crawler crane

Caddell Dry Dock & Repair Company, Inc. (Staten Island, NY)- \$1,162,636 to refurbish drydock

Chesapeake Shipbuilding Corporation (Salisbury, MD)- \$519,098 for improvements to doors, heaters and air and gas distribution systems

Detyens Shipyards, Inc. (Charleston, SC)- \$922,393 for new tower crane, hydro-blast units and overhead shop cranes

Diversified Marine Tech, Inc. (Tampa, FL)- \$644,425 for 90-ton crane and modification of barge for crane use

Earl Industries, LLC (Portsmouth, VA)- \$923,496 for laser cutter and two 5-ton bridge cranes

Fraser Shipyards, Inc. (Superior, WI)- \$257,990 for cutting machine and welding equipment

Gulf Craft, LLC (Patterson, LA)- \$1,760,065 for 500-ton travelift crane

JB Marine Services, Inc. (St. Louis, MO)- \$195,000 for bridge crane, ironworker, steel shear, and forklift

Marisco, Ltd. (Kapolei, HI)- \$1,079,224 for cranes, forklifts, welding machines, compressors and dust collector

Pacific Fishermen Shipyard and Electric LLC (Seattle, WA)- \$643,095 for worker training program, sand blast paint and booths, sand blast grit recovery systems, man lifts and 15-ton crane

Puglia Engineering, Inc. (Bellingham, WA)- \$1,333,267 for floating drydock enhancements, 80-ton rough terrain crane and coating equipment

Sause Bros., Inc. dba Southern Oregon Marine, Inc. (Coos Bay, OR)- \$173,749 for water blast system, sandblasting machine and big top shelter

Southwest Shipyard L.P. (Channelview, TX)- \$1,602,870 for panel line

The Thames Shipyard & Repair Company, Inc. (New London, CT)- \$1,446,000 to widen and lengthen drydock

United States Marine, Inc. (Gulfport, MS)- \$476,670 for epoxy oven, composite freezer and CNC material cutter.

Two Puget Sound Shipyards To Split \$2M In Fed Funds (PUGBIZ)

Puget Sound Business Journal (seattle)

[Puget Sound Business Journal](#), April 16, 2010

Two Puget Sound shipyards will split \$2 million in federal funds to make infrastructure improvements and pay for training programs.

According to U.S. Sen. Patty Murray's office, Puglia Engineering Inc. in Bellingham will receive about \$1.3 million to make floating drydock and other improvements. Pacific Shipyard and Electric LLC will receive \$643,000 for a worker training program, as well as other improvements.

The Washington Democrat said the grants are part of the Maritime Administration's Supplemental Grants for Assistance to Small Shipyards program.

"Small shipyards in Washington state are a critical piece of our domestic maritime industry and our economy," Murray said in a statement.

DOT Chief LaHood: Dallas At 'forefront Of Livability' (DMN)

By Rodger Jones

[Dallas Morning News](#), April 16, 2010

Transportation Secretary Ray LaHood made his comments in his daily post on his blog Fast Lane. OK, OK, he was really pointing how how well the stimulus package is working in creating lots of jobs around here at Woodall Rodgers Park and elsewhere.

But, from the city pride POV, it's nice to hear compliments showering down from a cabinet member.

Excerpt: Last year, I went to Texas and toured three innovative transportation projects that promise to put Dallas squarely in the forefront of livability. One of those projects is the Woodall Rodgers Freeway Deck Park, a 5.2-acre multi-use green space that covers a main highway. The park will also connect the city's Uptown, Downtown, and Arts Districts--parts of the city that are currently separated by the freeway--and promote bicycling and walking.

On the not-so-livable front, LaHood said he was also thrilled about all the jobs that the DFW Connector highway mega-project is creating. There's a lot of concrete out there that our grandchildren will be paying off.

Those of you who are curious about ARRA money or just plain bored can go to TxDOT's project tracker web area and try to make sense of the stimulus database. It ain't easy.

The records illustrate that most stimulus projects are small, widening or repairing jobs. Since the ARRA money aims to put people to work fast, planners favored simple ones that could go out to bids quickly. In different ways, the Woodall and Connector projects draw on complicated financing schemes and just happened to be developed to where they were waiting for money. And along comes ARRA ...

Letter Urges Repeal Of Mexican Trucks Program (RefrigTrans)

[Refrigerated Transporter](#), April 16, 2010

US Rep Peter DeFazio (D-OR) sent a bipartisan letter signed by 78 members of Congress to Transportation Secretary Ray LaHood and US Trade Representative Ron Kirk, asking that they consider repealing the program that opens US roadways to Mexican trucks.

The program, suspended since early 2009 under the Obama administration, was begun under the Bush administration under provisions of the 1993 North American Free Trade Agreement (NAFTA).

But Mexico "has no meaningful system for commercial driver's licenses, drug testing or hours of service. . . . (NAFTA) is a trade agreement that threatens the safety of the American public," DeFazio wrote.

He chairs the House Transportation and Infrastructure Committee's highways and transit subcommittee. The letter was also signed by Rep James Oberstar (D-MN), who chairs the full committee.

LaHood and his Mexican counterpart agreed to form a working group to consider the next steps of the two nations' cross-border trucking program.

The Owner-Operator Independent Drivers Association (OOIDA) is applauding the DeFazio letter.

"Every year, US truckers are burdened with new safety, security, and environmental regulations. Those regulations come with considerable compliance costs," said Todd Spencer, executive vice-president of OOIDA.

"Mexico's regulatory standards and enforcement on trucks aren't even remotely equivalent to what we have here. To open the border at this time is insanity from both an economic standpoint and safety," Spencer said. "Commercial vehicles crossing the southern border are still the principal way drug trafficking organizations get their products into the United States. Providing Mexico-domiciled truckers with access throughout America will amplify existing vulnerabilities and will surely be exploited by criminal enterprises as well as terrorist organizations."

For decades, Mexico has refused to raise regulatory standards on its own trucking industry.

Senate GOP Continues To Resist Sanctions-Based Distracted Driving Rules (STREETSBLOG)

By Elana Schor

[Streetsblog Capitol Hill \(blog\)](#), April 16, 2010

The Senate environment committee's senior Republican yesterday joined his counterpart on the commerce panel in criticizing legislation that would withhold federal highway funding from states that fail to crack down on distracted driving, casting doubt on Congress' ability to approve any punitive approach to reining in texting and cell phone use by drivers.

At transport safety hearing in the environment panel -- which is working on a new six-year infrastructure bill that could see action in the upper chamber this year -- Sen. Jim Inhofe (R-OK) ruled out any attempt to use federal money as leverage in encouraging stronger state safety rules.

"What I oppose is forcing a one-size-fits-all Washington solution on all states ... that withholds highway funds from states that do not enact specific laws," Inhofe said.

In response to environment committee chairman Barbara Boxer's (D-CA) assertion that "we have seen tremendous cooperation on the safety part of this bill," Inhofe added that "if there's any division up here ... it's going to be over the role of the states."

Inhofe's comments follow questions raised by Sen. Kay Bailey Hutchison (TX), the commerce committee's senior GOP member and co-sponsor of a competing bill that uses federal grants as an incentive to coax states into passing new distracted driving laws.

"I don't think we should get into states rights," Hutchison said in November.

The concept of yanking federal funds from states that fail to rein in drivers' texting and cell phone use is modeled after seat-belt and drunk-driving laws passed in recent decades. Guarding against drunk driving is far from a moribund issue, however; Sen. Frank Lautenberg (D-NJ) used yesterday's hearing to press the Obama administration on his proposal to require the installation of ignition interlocks for six months in the cars of convicted drunk drivers.

The interlocks are small sensors that test a driver's breath for alcohol before permitting them to start their vehicle. After Lautenberg cited Centers for Disease Control (CDC) research that found rearrests of convicted drunk drivers dropped by 73 percent after the installation of interlocks in their cars, U.S. DOT No. 2 John Porcari agreed that the devices could soon be in wider use as a road safety tool.

If Bicyclists Ruled The Roads... (TakePart)

By Adam Trunell

[Take Part \(blog\)](#), April 16, 2010

Obama's one. His transportation chief, Ray LaHood, is one. A three-syllable word that starts with a soft consonant and ends with an "ist." They're here, and they're taking over.

Cyclists.

Last month, Department of Transportation Secretary LaHood announced a "sea change" in transportation policy, suggesting that walking and biking should get equal consideration as driving and other modes of travel for federally funded projects. In a press release, the department suggested that agencies build wider bike and pedestrian paths, "plan for increased usage," and push their cyclist ideology on bikers "of all ages and abilities." The new policy is part of Obama's Livability Initiative, a plan to turn our towns and neighborhoods into sustainable communities free of congestion and full of transportation alternatives.

"This is the end of favoring motorized transportation at the expense of non-motorized," blogged LaHood, who was later seen riding around triumphantly on someone's pegs.

The trucking industry, however, smells something foul, and it ain't roadkill. The National Association of Manufacturers' blog called LaHood's policy "nonsensical," "dumb," and "irresponsible." The CEO of the American Trucking Associations said LaHood's cyclist agenda will "cause an economic catastrophe." Republican Rep. Steven LaTourette wondered aloud if LaHood is "on drugs."

Who can blame them? Life on two wheels is clearly a national threat. Remember the mountain bike that attacked President Bush in 2004? That's not to mention the hysteria that bikes inspire in cyclists. (Pee Wee's Big Adventure, anyone?) Bike lanes are popping up in almost every major city. Lance Armstrong's on Twitter. This is happening, it's really happening, and LaHood's just the final spoke in the rim that'll bring it all to bear....

A car-free world.

Alright, maybe not. But just for a moment, picture a twisted world where bikes rule America's roadways, not cars. What would you miss?

We made a list, then revised it, then threw it out. Made another, lost it, got lunch, then started this one. Check it out.

Things Noticeably Missing, Other Than Cars, in a Car-Free World

Accidents

More than 6 million car accidents happen each year in the United States, costing the country about \$164.2 billion in medical care, emergency services, property damage, and lost productivity. Forty thousand people die in traffic accidents every year. Car crashes are the leading cause of teenager deaths, and the leading cause of acquired disability across the United States. By the time you get done with this paragraph, someone in the country will have suffered a traffic accident.

Unless you're headed downhill on the Col de Tourmalet, you're probably not clocking 50 mph on a bicycle anytime soon. Accidents happen, but assuming cyclists are safe and smart, it won't take the Jaws of Life to untangle a bike crash. In a world free of the bicycle's natural enemy, there would be far fewer fatal cycling accidents, and the pleasure of a ride could be had without the fear of motorists texting to the radio while speeding around in their boxes of steel. Bikes and cars, like teenage siblings, have always shared an uneasy space-the first time a car crashed in the United States, it was with a cyclist.

Pollution

Other than the sweat cyclists emit and the occasional patchouli-doused hipster, not a whole lot of pollution spews from a two-wheeled world. The benefits are clear: no more spewing carbon, screwing up the planet's life cycle, and catching a respiratory disease. Take a deep breath, because you can: you're living in a car-free world.

Traffic

A fluid stream of traffic is like water through a pipe. Jam more and more pieces of dense plastic and steel in that stream, and your pipe'll get congested. Bikes, which are less dense and more mobile than cars, keep things moving by taking up less space in the system (we're no scientists, but then, that's not rocket science). And traffic jams on bikes are easier on your constitution because at least you can stand up and stretch. Ever try to stretch in an '89 Excel? It's like trying to lie down on a loveseat.

Noise

As if rush hour weren't stressful enough, studies show that noise pollution from traffic deteriorates our physical and mental health. Noisy roads can affect a person's ability to focus, learn, relax, and sleep, all while increasing blood pressure and heart rates, and even contributing to heart attacks and cardiovascular disease. Traffic noise has an even more obvious effect on a person's quality of life; according to the U.S. Census Bureau, 40 percent of Americans whose homes have traffic noise consider it "bothersome." A third of those claimed it was bad enough that they were ready to move.

Sure, under the right circumstances, bicycle bells can be a little obnoxious. But nobody's losing sleep over it. And unless you're sticking baseball cards in your spokes, your bike's not kicking up much noise. Sounds like our imaginary, car-free world's less noisy. And because of that, we're all a little less crazy.

Expenses

Own a car? Got a wallet? Get it out; you'll need it. Your average car with gas, oil, repairs, insurance, depreciation, parking, tolls, registration, inspection, and fuzzy dice costs about \$9,519 to operate every year. Add a price-gouging mechanic, a Hyundai Excel on her last legs, and a selective blindness to posted parking restrictions and you'd better start deferring your student loans. Sit in traffic all year long with your fellow commuters and you cost the United States 0.7 percent of its annual GDP in lost productivity. Driving our four-wheeled friends not only costs us our time, sanity, health, the planet, and our living, animated state-it's also robbing us blind.

What's a bike cost? Depends on your needs and taste, but this writer got a schnazzy little Peugeot off Craigslist for \$100. Some heres and theres for maintenance, couple tricked out odds and ends, a \$60 helmet and a new set of tires and I was out the door \$260 in the hole. Some will pay less, some will pay more, but either way, we're saving a ton of dough, among other necessities, in a car-free world.

DOT IN THE NEWS

DOT Freight Measure Up Again In February (TRUCK)

By Kevin Jones

[The Trucker](#), April 16, 2010

WASHINGTON - The Freight Transportation Services Index (TSI) rose 0.3 percent in February from its January level, rising for the second consecutive month, the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS) reported Wednesday.

The Freight TSI index has risen 3.6 percent over the last nine months, starting in June, after declining 15.3 percent in the previous 10 months beginning in August 2008, BTS, a part of the Research and Innovative Technology Administration, reported.

The index has increased in seven of the last nine months, and started 2010 with an increase of 0.7 percent in the first two months.

The Freight TSI measures the month-to-month changes in freight shipments in ton-miles, which are then combined into one index. The index measures the output of the for-hire freight transportation industry and consists of data from for-hire trucking, rail, inland waterways, pipelines and air freight.

The February Freight TSI of 96.9 is a 3.6 percent increase from the recent low of 93.5 reached in May 2009. In May, the index was at its lowest level since June 1997. The Freight TSI is down 14.1 percent from its historic peak of 112.9 reached in May 2006.

The February Freight TSI of 96.9 is the lowest for February since February 1997 when it was 91.3. With a 2.0 percent decline from February 2009 to February 2010 following an 11.2 percent decline from February 2008 to February 2009, the index has declined 12.9 percent in two years.

The freight index is down 13.3 percent in the five years from February 2005. The index is down 6.8 percent in the 10 years from February 2000.

The TSI is a seasonally adjusted index that measures changes from the monthly average of the base year of 2000. It includes historic data from 1990 to the present. Release of the March index is scheduled for May 12.

FEDERAL AVIATION ADMINISTRATION

Volcanic Ash From Iceland Forces Cancellation Of Flights, Disrupts Travel For Thousands (WP)

By Karla Adam And Ashley Halsey Iii

[Washington Post](#), April 16, 2010

LONDON -- A cloud of volcanic ash that wafted in from Iceland shut down airports across Northern Europe on Thursday, causing a ripple effect that is expected to snarl air traffic around the globe for days.

The paralysis that began in London and Paris soon spread to Hong Kong and Tokyo, to Nairobi and Buenos Aires, and to New York and both of the Washington area's international airports. It was, by all accounts, one of the most bizarre acts of nature ever to constrict world travel, and it grounded tens of thousands of passengers internationally.

Until the eruption, which began last month, Iceland's long volcanic history was little known beyond trivia games, but as that legacy surfaced Thursday, so did news that the last time the Eyjafjallajokull volcano exploded -- 187 years ago -- the eruptions went on for more than a year.

Officials were at a loss to predict how long it would take for the ash to dissipate or for flights to resume.

If the particle-laden cloud lingers through the weekend -- and there were predictions it would take two days to clear once the eruptions stop -- it could disrupt plans of President Obama and other world leaders to attend Sunday's state funeral for Polish President Lech Kaczynski, who died in a plane crash. Experts said that the weather radar on aircraft cannot detect the cloud of ash and that the particles could choke jet engines enough to shut them down.

As the cloud moved across Europe on Thursday, officials closed the airspace in Britain, Ireland, Denmark, Norway, Sweden, Belgium, the Netherlands, Finland, and parts of France, Germany and Poland.

Eurocontrol, the European aviation agency, anticipated that 50 percent of the flights between the continent and North America -- there are about 600 a day -- would be delayed or canceled Friday.

The impact was immediately felt in Washington's airports, with the cancellation Thursday of 26 flights bound for Europe from Dulles International and Baltimore-Washington International Marshall airports. The airlines said they tried to contact passengers, alerting them that, with flights probably canceled again Friday, there was no point in coming to the airport.

Many airlines were issuing waivers for travel to destinations affected by the clouds of volcanic ash. American Airlines, British Airways, Delta, Lufthansa, SAS, United Airlines and US Airways said travelers would be able to rebook without penalty or obtain refunds depending on the destination.

Some flights that had taken off for Europe on Thursday were routed back to the United States, said Federal Aviation Administration spokeswoman Laura Brown.

Although it stifled air travel, the cloud that hung over Europe was so high -- between 20,000 and 36,000 feet -- that it wasn't visible from the ground and health authorities said it posed no immediate danger.

The restriction of flights from Heathrow, which, with 1,200 flights carrying 180,000 passengers each day, is one of the world's busiest airports, will affect dozens of flights to and from the United States and other hubs around the world. British Airways said on its Web site that customers booked on a canceled flight could re-book or claim a full refund.

The restrictions on British airspace were imposed by Britain's National Air Traffic Services (NATS) and could be extended, a spokeswoman said.

"There are few historical precedents here," said NATS spokeswoman Taylor Samuelson. "It's nothing we're going to take any risks on."

She added: "No one knows when the ash is going to go. The volcano is still going."

As thousands of people scrambled to rearrange their travel plans, some decided the disruption was a good excuse to extend their vacations.

In London, Martin Gergely, 27, a traffic engineer from Vienna who was flying home from Los Angeles, said he and his girlfriend would extend their trip a little longer and take in some of London's tourist attractions.

"Well, I guess we will make the most of it," he said.

Mel Wilkinson, 28, a receptionist from Newcastle, was one of the thousands of passengers on London's subway system who heard an announcement that all flights had been canceled. Wilkinson had planned to fly from Heathrow to Hong Kong on Thursday to visit family.

She said the ash cloud was "very bizarre," adding, "You couldn't make this up."

Civil aviation experts cite two famous examples of volcanic ash disrupting flights. In both, fatalities were narrowly averted.

In 1982, a British Airways jumbo jet flew through an ash cloud over Indonesia, causing all four engines to flame out.

After plummeting thousands of feet, the flight crew managed to restart the engines and land the plane safely in Jakarta.

In 1989, a KLM jet flew through an ash cloud from Alaska's Redoubt volcano, causing all of the engines to fail. After a five-minute descent, the engines were restarted and the plane landed safely; however, the aircraft was severely damaged.

Although the Eyjafjallajökull volcano began erupting last month, Wednesday's cloud sent hundreds of people in southwestern Iceland fleeing from their homes, fearing flash floods. The volcano, which is under a glacier, is one of several in the northern nation of 320,000 people, which sits on a volcanic hot spot in the Atlantic.

Halsey reported from Washington. Staff writers Hamil R. Harris, Lisa Rein and Ovetta Wiggins in Washington contributed to this report.

Volcanic Ash Closes European Airports (LAT)

The eruption in Iceland snarls air travel across the northern part of the continent. Flights to and from the U.S. are affected.

By Janet Stobart And Hugo Martin

[Los Angeles Times](#), April 16, 2010

An immense plume of volcanic ash cast a silent pall over the skies of Northern Europe on Thursday, grounding air traffic across Britain, Scandinavia and elsewhere, halting flights to and from North America, stranding travelers and isolating much of the continent to an extent that was without precedent in recent memory.

The culprit: an Icelandic volcano that could continue spewing grit into the atmosphere for months or years to come, experts said, although presumably without a continuing effect on air traffic. However, geologists said it was impossible to predict the behavior of the Eyjafjallajökull volcano, or the prevailing winds.

The material spewed by the volcano consists of fine, sharp-edged particles of rock and glass, most of them ranging in size from about one-twelfth of an inch in diameter down to about 1/25,000th of an inch, and they are capable of circulating in the upper atmosphere for months. If they are inhaled by humans or animals, they can damage air passages. If they are sucked in by a jet engine, they can shut the engine down.

Eurocontrol, Europe's air traffic control organization, said flights could be disrupted through Saturday. A lack of wind meant the cloud remained dense and was drifting slowly to the east.

Volcanic eruptions "are such a complicated natural phenomenon that almost every one is unique . . . and the amount of ash produced during a given eruption or the length of the eruption is really something that we can't predict," said Earth scientist Olivier Bachmann of the University of Washington.

About 4,000 flights were canceled in Europe on Thursday, said Kyla Evans of Eurocontrol. The number could rise to 6,000 on Friday, she said, plus half of all transatlantic flights.

Airports began closing in Britain at 7 a.m. Thursday as the threatening sulfuric cloud began to reach northern Scotland. Among the first to feel the effect directly were residents of the western Norwegian city of Bergen, who began to complain of a strong sulfuric smell about 1 p.m.

"It's scary that it can spread so far. Just imagine if it had been poisonous," resident Anne Tomte told the Norwegian newspaper BT.

By late afternoon, all airports in Britain, Ireland, Norway, Sweden and Denmark had been shut down. Finland also closed several of its airports. According to Scandinavian airline SAS, nearly three-quarters of its flights, 635 in all, had been canceled.

Cancellations were also reported in northern Germany, Belgium, the Netherlands, Switzerland and France, where the Charles de Gaulle airport in Paris was shut down. Ripples spread worldwide, as flights to Europe were canceled and flights from Europe failed to arrive. Several flights from the United States were forced to turn back.

It was unclear whether the ash cloud might affect plans for President Obama and other world leaders to attend the funeral Sunday of Polish President Lech Kaczynski, killed Saturday in a plane crash in western Russia.

Flights between Europe and North America represented nearly 15% of all international air travel in 2008, according to the International Air Transport Assn., the trade group that represents most major airlines. Flights in and out of Europe represent nearly 32% of all international flights, according to the IATA.

London-to-New York ranks as the second-busiest international route, carrying nearly 4 million passengers annually, according to the IATA. The Los Angeles-to-London route is the third-busiest across the Atlantic, transporting about 1.5 million passengers per year.

Early Thursday, thousands of people in Europe arrived at airports unaware of the situation.

Hayley Bettany, 25, and her fiance showed up at Britain's Manchester airport with other members of their wedding party for a flight to the Dominican Republic, where the couple planned to marry on the beach. They found an airport that was clogged with about 45,000 people and 300 grounded aircraft. And they saw their wedding plans go up in smoke.

"We've been planning this trip for 16 months. Now a volcano has erupted and spoiled our dream," Bettany told the Times of London.

At Heathrow airport in London, passengers stared at boards on which every flight was listed as canceled. The airport, one of the world's busiest, normally handles 1,200 flights and 180,000 passengers a day.

As the day wore on and passengers learned to stay away, airports became uncharacteristically, eerily deserted. Eurostar, the rail service connecting England to the Continent, reported a surge in inquiries and bookings.

Commentators spoke of Britain being brought back to the 19th century, to the days before air travel. Aviation officials said that a complete shutdown of British airspace had not happened in living memory. Even after the Sept. 11, 2001, terrorist attacks, a no-fly zone was imposed only over central London but not the rest of the country.

The closure of British airspace was scheduled to last until at least 1 p.m. Friday.

"However, be aware that the situation cannot be said to be improving with any certainty," the National Air Traffic Services said late Thursday.

In France, 25 airports were closed Thursday evening. Authorities said they would remain closed until at least 2 p.m. Friday.

At Charles de Gaulle, Paris' main international airport, the departure lounges were unusually empty, although at Air France's departure zone, a few dozen travelers hadn't gotten the warning in time.

A group of 30 tourists heading home to Moscow was prepared to spend the night in the French airport. Four of them had secured spots on a flight Saturday; the rest were still waiting to confirm new travel plans.

"We thought about taking a train to Moscow, but that would take at least two days, so might as well wait here," said Daria Barkovskaya.

Copenhagen Airport said it would resume flights no earlier than noon Friday. Its closure affected Danes at the highest level: Denmark's Queen Margrethe II was to mark her 70th birthday Friday with a celebration attended by various crowned heads of Europe, but those guests' attendance was thrown into doubt.

A Copenhagen Airport spokesman said the airport was handing out blankets and water to stranded passengers.

"I don't know what's going to happen. My flight has been canceled, and I don't have a phone to call the airline with. I think I'll stay in the airport tonight; I think you can sleep here," 25-year-old Nick Shown of Maine told the Danish newspaper Politiken.

The disruption came just as airlines were beginning to see international passenger numbers rebound from a steep decline that began in late 2008. The direct economic effect of the disruption was hard to gauge because it was unclear Thursday how many cities would be closed to air traffic and for how long, said Steve Lott, a spokesman for the IATA.

But Lott said the closure of key international hubs, including London and Paris, could also hurt travel and tourism across Europe and in the United States.

"The bottom line is when you start closing or restricting European gateways, it has a ripple effect across the world," he said.

According to the U.S. Geological Survey, about 100 aircraft have had problems after encountering ash from previous eruptions, but there have been no fatalities.

Volcanic Cloud Casts Long Shadow Over US Travel (NYT/AP)

By The Associated Press

[New York Times](#), April 16, 2010

CHICAGO (AP) -- A volcanic ash cloud that shut down airports and tied up air traffic across Europe could turn into a long, costly headache for businesses, airlines and tourists in the United States.

The ash spewed by an eruption in Iceland forced airlines to cancel flights and redirect planes around the ash. Those diversions caused jetliners to burn more fuel and created delays in the air-cargo business that could quickly run into tens of millions of dollars.

The slowdown could affect everything from package shipments to business meetings and long-planned vacations.

"The costs could be extraordinary," said Jeffrey Price, an aviation professor at Metropolitan State College of Denver.

Many in the travel industry on Thursday weren't asking if they would be affected -- but how badly.

"This is the ultimate act of God," said Chicago-based transportation expert Joseph Schwieterman. "It's hard to imagine a weather scenario that would disrupt the entire Atlantic flight system like this."

Anxious clients called Boston-based Garber Travel, one of New England's biggest travel agencies, asking how they might rearrange flights. But for some travelers bound for Europe, it was too late.

The flight cancellations jeopardized a \$6,000 trip planned for more than six months by Robert and Barbara Breault of Coventry, R.I.

Barbara, an avid gardener, had scheduled a vacation that coincided with tulip bloomings in the Netherlands. But their outbound flight Thursday evening from Boston's Logan Airport to London Heathrow was marked "See agent."

"It's not supposed to do this," Barbara said with a laugh. "I had already planned the whole thing."

She had paid not only for the airline tickets, but supplemental charges for window seats and for a private guide, as well as a cruise through Holland's famed canals dubbed the "Tulip Festival Cruise."

On an average day, U.S. airlines operate about 340 flights to and from Europe, according to the Air Transport Association. On Thursday, American carriers canceled about 165 of those flights because of the ash, and the ATA expected at least as many to be canceled Friday.

An FAA spokeswoman said the cancellations affected at least 10 countries: England, Ireland, Northern Ireland, Scotland, Sweden, United Arab Emirates, Finland, France, Belgium and Denmark.

The FAA issued an order holding flights destined for the United Kingdom on the ground. Other flights to and from Europe were being diverted around British airspace, which has been closed until 4 a.m. EDT Friday.

That didn't bode well for two British friends stranded at New York's Kennedy Airport hotel after their flight was canceled.

"I just want to go home now," said 23-year-old Grace Schofield, of Yorkshire, England, whose trip was also disrupted by emergency surgery for appendicitis. "I can only do so much walking around the city before I have to rest."

For one British man trying to make it back to London, the consequences were deeply emotional.

"It was my grandmother's funeral tomorrow so I am going to miss that," said Gary Alderson, who was also at the airport hotel.

Elsewhere, flight cancellations undermined pending business deals.

Mark Kiefer, a Boston-based aviation industry consultant, said he initially planned to send a proposal to a company north of Amsterdam by air courier to meet a Monday deadline.

"They told us that they wouldn't take a package tomorrow, and they wouldn't guarantee you Monday," Kiefer said. Instead, he planned to e-mail the proposal to colleagues in The Hague, have them print it out and then drive about an hour to hand-deliver the document.

Air cargo companies conceded they were scrambling to cope.

FedEx, the world's second-largest package-delivery company, started rerouting flights bound for Charles De Gaulle Airport in Paris. It also moved some packages by truck instead of air.

Company spokesman Steve Barber could not specify what types of shipments were most affected.

Although rare, flight problems caused by volcanic ash are not unheard of. The 1980 eruption of Mount St. Helens in Washington state grounded hundreds of flights for days.

But ironically, the airlines' decision to reduce their schedules to ensure that planes are full could work against them as they scramble to find available seats on alternative flights.

"These high-load factors can make disruptions like this into full-scale disasters -- where passengers are stranded for days," Schwieterman said. "Ten years ago, the airline took just a few days to get back to normal. Now, it can take longer."

Routing systems have also become highly sophisticated, with airlines planning the most efficient routes days and weeks in advance.

"The system works great until there is irregular operation, and then everything unravels," Schwieterman said. "In situations like this, the efficiency of the system comes back to haunt them."

A spokeswoman for American Airlines, Mary Frances Fagan, expressed confidence the company could deal successfully with the ash despite the cancellation of 34 flights to airports in London, Manchester, Brussels, Dublin and Paris by Thursday afternoon.

She said airlines are well-versed in dealing with air traffic disruptions caused by weather, hurricanes or even earthquakes.

"Are there specific contingency plans for volcanic ash? I can't say there's a separate chapter in our crisis book, but we deal with Mother Nature day by day all the time," she said.

Volcano Ash To Cause Europe Flight Disruptions To Worsen (USAT)

By Charisse Jones, Usa Today

[USA Today](#), April 16, 2010

NEW YORK - Ice chunks the size of houses tumbled down from a volcano in Iceland as hot gases melted a glacier, and the skies over Europe remained eerily quiet for a second day Friday as thousands of planes stayed on the tarmac to avoid volcanic ash.

Eurocontrol, the European air traffic agency, said there would be no relief Friday from the massive flight disruptions that have upended travel in Europe and reverberated throughout the world. In fact, it said disruptions would be even worse than Thursday - when over half a dozen European nations closed their air space - and the delays would continue into Saturday.

"We expect around 11,000 flights to take place today in European airspace. On a normal day, we would expect 28,000," said Kyla Evans, a spokeswoman for Eurocontrol. "The cloud of volcanic ash is continuing to move east and southeast."

No more than 120 trans-Atlantic flights reached European airports Friday morning, compared to 300 on a normal day, she added.

Fearing that microscopic particles of highly abrasive hash could endanger passengers by causing aircraft engines to fail, authorities shut down air space over Britain, Denmark, Norway, Sweden, Finland and Belgium. That halted flights at Europe's two busiest airports - Heathrow in London and Charles de Gaulle airport in Paris, as well as dozens of other airports, 24 in France alone.

Civil aviation authorities in Ireland said Friday they are lifting the restrictions on most of the country's airspace and reopening airports in Dublin and Cork to air traffic.

The Irish Aviation Authority said in a statement that the ash cloud caused by the volcanic eruption had moved away from the country's southeast and Irish airspace was open except for a block off the south coast.

They have not ruled out further restrictions if weather patterns change.

As the cloud moved east, flights were halted Friday at Frankfurt airport, Europe's third-busiest terminal, and at 10 other German airports including Duesseldorf, Berlin, Hamburg and Cologne. Poland expanded its no-fly zone to most of the country, excluding the southern cities of Krakow and Rzeszow.

The ash is spewing from a volcano beneath Iceland's Eyjafjallajokull (ay-yah-FYAH'-plah-yer-kuh-duhl) glacier, which began erupting Wednesday for the second time in less than a month.

About 700 people from rural areas near the volcano in southern Iceland were evacuated Thursday because of flash flooding, as torrents of water and ice chunks roared down the mountain. Most were later allowed to return home, but more flash floods are expected as long as the volcano keeps erupting, said Rognvaldur Olafsson of the Civil Protection Department.

The ash cloud, drifting between 20,000 feet and 36,000 feet high and invisible from the ground, left tens of thousands of travelers stranded around the globe and blocked the main air flight path between the U.S. east coast and Europe.

NATS, the private company which controls British air space, said the air over England would remain closed at least until 1 a.m. Saturday but that some international flights might be allowed into Northern Ireland and western Scotland later in the day.

Sweden and Norway, however, declared skies in the far north to be safe again for travel even as flights in both capitals were still on a lockdown.

One Toronto-bound flight departed from Glasgow, Scotland on Friday morning and three Thomson Airways international flights were cleared to land.

U.S. airlines canceled scores of flights to and from Europe from Wednesday night through Friday morning and said they would decide Friday if they need to cancel more as the cloud of ash hovered over the Atlantic Ocean.

The cloud, whose particles could cause aircraft engines to fail and could mar visibility for pilots, sparked a ripple effect across Europe and ruined plans for business and leisure travelers around the world. The ripple effect could affect global travel into the weekend and possibly into next week.

MAP: Volcano disrupts air travel

SCIENCE: Eruption could last months

Einar Kjartansson of the Icelandic Meteorological Office said that depending on the weather, the plume could hang around for weeks - though where it will be will depend on the wind.

Britain closed its air space until at least 8 a.m. ET Friday, and there were flight bans, airport closings and cancellations in Ireland, Norway, Denmark, Sweden, Belgium, France, Switzerland, the Netherlands, Finland, Poland and Germany.

Flights to Europe from other parts of the world such as the Middle East and Asia were also disrupted. The Emirates airline canceled flights to Britain and offered hotel rooms to travelers already en route from Dubai.

It was the shutdown of air travel in Britain that threatened to be most disruptive. London is one of the most significant centers in the world for business travel and a key point of connection for flights to every part of the globe.

Eight of the 10 busiest trans-Atlantic routes are to London, and the second-most-traveled international route is between London and New York, according to Steve Lott of the International Air Transport Association.

"London is an important transfer hub to every corner of the world," says Lott, who added that it was unclear when the cloud would lift, allowing air travel to resume. "What is (of) particular concern for airlines is the unpredictability of this disruption. As the ash cloud moves, it affects different airports and airspace."

Rebooking, refunds offered

U.S. airlines had canceled more than 100 flights to and from Britain by noon Thursday, according to David Castelveter, spokesman for the Air Transport Association of America, which represents most of the major U.S. carriers.

On average, U.S. airlines operate about 340 flights to and from Europe each day.

American Airlines canceled 34 flights as of Thursday afternoon, most of them in and out of London's Heathrow Airport, but also involving Dublin, Brussels, Paris and Manchester, England, says spokesman Tim Smith.

Delta canceled 65 flights, headed Thursday night or this morning from such cities as Atlanta and Pittsburgh to several international cities including Paris, Amsterdam, London, Brussels and Mumbai, India, says spokesman Anthony Black. Delta had previously canceled nine flights to and from Britain since Wednesday night.

Carriers were trying to accommodate travelers.

Delta passengers whose flights were canceled can get a full refund. Passengers who were scheduled to take Delta flights to, from or through several affected cities Thursday through Sunday can make a one-time change to their flight schedule without paying a fee, if they do so by the end of April.

American will also let fliers whose flights haven't been canceled change flights without penalty through the end of the month. They can get a new flight or a full refund if the trip was canceled.

The airline, which has a heavy flight schedule into South America, has dealt with natural calamities before, Smith says. "In the past, (we) had volcanoes we dealt with in Mexico, Ecuador, Chile, Argentina. From time to time, it does happen."

'It's all so frustrating'

Offers of refunds provided little solace to thousands of stranded travelers on both sides of the Atlantic.

Amy Tatman Robins, a native of Columbus, Ohio, who's living in Galway, Ireland, was headed to a funeral in Scotland. But two flights that she booked from Dublin to Glasgow were canceled, and she's been unable to find another way to her destination.

"It's all so frustrating and unbelievable at the same time," she said in an e-mail. "My dear friend is putting his father to rest, ... and I'm so sad I cannot be there for the memorial service. I'm still holding out hope. All because of a cloud of ash in the sky."

The debris ejected from a volcano - a mixture of noxious gases, pumice balls and hot ash particles - can harm an aircraft's engines and its frame. Pumice and ash particles can heat up a plane's skin to dangerous temperatures and leave noticeable "pits" in it. They can also scratch the windshield to the point that pilots can't see through it. The damage is expensive to repair and, if left unrepaired, can lead to long-term safety issues.

The hot gases and ash present a much more immediate safety threat because of what they can do to jet engines. Jets need to "breathe" in air that can be heated, compressed and then shot out the back. That's how forward thrust is created. But the gases and ash from a volcano can choke engines by robbing them of the oxygen they need to operate.

Since the early 1990s, airlines and air traffic control officials have learned to avoid flying into volcanic ash clouds.

But to do that, they have to avoid wide swaths of the globe where the volcanic clouds, which are difficult to pinpoint using conventional radar, might be, based on prevailing winds and weather conditions at high altitudes.

Contributing: The Associated Press

Volcanic Ash To Curtail Air Traffic Into Midday Friday (NYT)

By Nicola Clark And Liz Robbins

[New York Times](#), April 16, 2010

PARIS - A dark and spectacular volcanic cloud shrouded much of northern Europe on Thursday, forcing airlines to cancel thousands of flights as it drifted at high altitude south and east from an erupting volcano in Iceland. The shutdown of airspace was one of the most sweeping ever ordered in peacetime, amid fears that travel could continue to be delayed days after the cloud dissipates.

The cloud, made up of minute particles of silicate that can severely damage jet engines, left airplanes stranded on the tarmac at some of the world's busiest airports as it spread over Britain and toward continental Europe.

The volcano erupted Wednesday for the second time in a month, forcing evacuations and causing flooding about 75 miles east of Reykjavik, Iceland's capital. Matthew Watson, a specialist at Bristol University in England in the study of volcanic ash clouds, said the plume was "likely to end up over Belgium, Germany, the Lowlands - a good portion over Europe," and was unlikely to dissipate for 24 hours or more.

Even then, any resumption of flights would not be immediate, said John Lampl, a British Airways spokesman in New York. "For several days you'll have crews and airplanes in the wrong places," he said. "It will take a few days to sort it out."

British aviation officials extended the closing of British airspace at least through 1 p.m. local time on Friday, meaning that only authorized emergency flights would be permitted. About 6,000 scheduled flights use British airspace in an average day, aviation experts said.

Deborah Seymour, a spokeswoman for Britain's National Air Traffic Service, said the closing of the country's airspace was the most extensive in recent memory. "It's an extremely rare occurrence," she said.

Eurocontrol, the agency in Brussels that is responsible for coordinating air traffic management across the region, said disruptions to air traffic could last an additional 48 hours, depending on weather conditions, and could extend deeper into continental Europe.

The ash from the volcano, Eyjafjallajökull (pronounced EYE-a-fyat-la-jo-kutl), was reported to be drifting at 18,000 to 33,000 feet above the earth. At those altitudes, the cloud is directly in the way of commercial airliners but not an immediate health threat to people on the ground, the International Volcanic Health Hazard Network, based in Britain, said on its Web site.

According to the Volcanic Ash Advisory Center, during the early afternoon in London there was still "significant eruption continuing," with the plume reaching 15,000 feet, but "occasionally" as high as 33,000 feet.

On Thursday, 5,000 to 6,000 of the 28,000 daily flights across Europe were canceled as a result of the ash plume, said Lucia Pasquini, a Eurocontrol spokeswoman.

The closing of British airspace disrupted the great majority of trans-Atlantic flights, including those on the New York-London route, the second busiest international route in the world after the Hong Kong to Taipei, Taiwan, route, according to the International Air Transport Association. Eurocontrol said roughly half of the 600 daily flights between North America and Europe would probably face cancellations or delays on Friday.

"It is a significant disruption," said Steve Lott, a spokesman for the air transport association. "What presents more of a challenge is that we don't know the end date." He added, "If this closed airspace continues to grow larger, the airlines will have fewer route options."

As the cloud made its way high across the English Channel, French aviation officials decided to close the main Paris airports, Charles de Gaulle and Orly, late in the evening. About 20 other French airports shut down earlier. The Paris airports will remain closed until at least 2 p.m. Friday.

Major American carriers that fly to Britain were allowing their passengers to rebook flights without penalty on Thursday. Eurocontrol said areas of airspace in northern Germany and Poland closed late Thursday. Ute Otterbein, a spokeswoman for Germany's civil aviation authority, said airports in Hamburg, Bremen and Hanover were closed until at least 8 a.m. Friday, and Berlin's airports - Schönefeld and Tegel - were also closed. Airports in Frankfurt and Munich were still open, however, and were able to accept diverted flights from other European airports, Ms. Otterbein said.

The potential economic effect of the closings is "virtually impossible" to determine at this stage, said Peter Morris, chief economist at Ascend, an aviation consultancy in London.

"A ballpark estimate would be that half a million to a million people's travel will be disrupted in the U.K. over a couple of days, assuming things start to clear up soon," he said. "For the long-haul players, especially those headed to the other side of the world, it's a nightmare."

Inside Terminal 4 at Heathrow, where flights leave London for Houston, New York and Paris, among many other destinations, all check-in counters were closed. Arrival and departure boards listed all flights as canceled. Some of the travelers seemed stoic about their fate.

Jai Purohit, a manager from Leicester, England, who had planned fly to the United States to join his wife on vacation in Florida, said: "It's very sad. I bought some nice presents for my wife and was looking forward to spending some time with her. She's naturally upset, but there's nothing we can do."

An American traveler, Anne Evans, who had arrived in London from San Francisco, said she had been on her way to take up a teacher training position in Sri Lanka when she learned that her connecting flight was canceled.

"There's nothing you can do," she said. "You can either smile or cry, and I decided to smile."

Although volcanic ash clouds sometimes limit pilots' visibility, their most serious safety threat is the harm they can cause to engines in flight. In recent decades, more than 90 aircraft have suffered damage from volcanic plumes, according to the International Civil Aviation Authority, an arm of the United Nations.

Volcanic ash is primarily made of silicates, or glass fibers, which, once ingested into a jet engine, can melt, causing the engine to flame out and stall.

It was impossible to predict how long the delays might last or the extent of the flight cancellations, since the volcano was still erupting, said Ms. Seymour of the National Air Traffic Service.

The perils of volcanic ash are well known to pilots and airline operators. After the 1982 eruption of the Galunggung volcano in Indonesia, for example, a Boeing 747 flying to Australia from Malaysia lost power in all four engines because of ash and descended to 12,500 feet from 36,000 feet before pilots could restart the engines and make an emergency landing in Indonesia.

In Iceland, hundreds of people fled their homes to avoid flooding after the eruption early on Wednesday melted the Eyjafjallajökull glacier. But Icelandic airports remained open because they are west of the volcano and wind was blowing the ash away to the south and east.

Nicola Clark reported from Paris, and Liz Robbins from New York. Reporting was contributed by John F. Burns and Julia Werdigier from London, and Alan Cowell and David Jolly from Paris.

Abrasive Ash Poses Threat To Jet Engines (FT)

By Clive Cookson

[Financial Times](#), April 16, 2010

The Financial Times does not allow third party providers to redistribute copies of stories. Use the link provided to access the full story on the Financial Times website.

Volcanic Ash Halts Many Trans-Atlantic Flights (PHI)

By Sam Wood, Inquirer Staff Writer

[Philadelphia Inquirer](#), April 16, 2010

A cloud of ash spewing from a volcano in Iceland has forced the cancellation of all nonemergency flights to and from the United Kingdom today.

USAirways and British Airways scrubbed transatlantic flights beginning Wednesday from Philadelphia International Airport to London Heathrow and Manchester. Turnaround flights from those airports to PHL were also canceled.

USAirways also canceled Thursday flights from Philadelphia to Amsterdam, Brussels, Frankfurt, Munich, Paris, and Zurich.

The airlines are scrambling to reroute flights around the cloud, said Morgan Durrant, a spokesman for USAirways.

"It's certainly unusual and not just affecting us," Durrant said. "It's an industry issue."

All five major airports in London have been shut down including Heathrow, a major trans-Atlantic hub that handles over 1,200 flights and 180,000 passengers per day.

French officials shut down all flights to Paris and 23 other airports. In addition, airspace was closed over Scandinavia, Belgium and the Netherlands, said Kyla Evans, spokeswoman for the European Organisation for the Safety of Air Navigation.

Thousands of flights have been canceled across Europe, stranding tens of thousands of passengers. Officials said it was not clear when it would be safe to resume many routes.

"It will really depend with how the cloud of volcanic ash moves," Evans said.

One scientist in Iceland said the Eyjafjallajökull volcano could continue to belch ash into the atmosphere for days or even weeks, causing continued disruptions in air travel.

Durrant said USAirways is waiving change fees so passengers bound for the U.K. can reschedule their trips for a later date without additional cost.

Widespread Cancellations To Europe (WP)

By Get There

[Washington Post](#), April 16, 2010

[This post has been updated: (3:50 p.m.)]

At least 100 U.S. flights had been canceled by early Thursday afternoon Eastern Daylight Time, according to David Castelveter, a spokesman for the Air Transportation Association, which represents most major U.S. carriers. Most of the canceled U.S. flights were to the United Kingdom or from there, he said. Some airlines were also canceling flights scheduled for Friday, he said. Airports in Britain, Ireland and Nordic countries were closed first. By late Thursday morning France had closed 23 airports, including Paris airports. British Airways spokesman John Lampl said the airline had several flights out of the U.S. bound for Heathrow that were returned to their departure cities or forced to land elsewhere when London airports.

U.K. Shuts Airports As Iceland Eruption Chokes Skies (Update4) (BLOOM)

By Steve Rothwell And Alex Morales

[Bloomberg News](#), April 16, 2010

(Bloomberg) -- Airports in the U.K. and northern Europe shut down as a cloud of volcanic ash swept south from an eruption in Iceland, disrupting travel for thousands of people booked on flights with British Airways Plc and other carriers.

U.K. airspace will stay mostly closed until at least 1 p.m. tomorrow, flight controller National Air Traffic Services Ltd. said, extending restrictions that had been set to run until 7 a.m. Norway and Sweden shut airports, British Airways scrapped flights for the rest of the day and carriers including AMR Corp.'s American Airlines cut service.

Iceland's 5,500-foot, ice-covered Eyjafjall volcano erupted for the second time in four weeks, prompting the evacuation of more than 800 people as river levels rose three feet. The island straddles tectonic plates on the mid-Atlantic ridge, making it one of the most geologically active places on the planet.

"Safety is our top priority," Kevin Briscoe, a spokesman for NATS, said in a phone interview. "Volcanic ash can have a pretty serious effect on aircraft engines. At the moment there is no indication of how long it will take to clear."

Disruption was worst in the U.K., which has more than 5,000 flights a day. Flights from the U.S. should have been grounded from 7 a.m. eastern time, coinciding with the closure of Britain's skies, NATS said. Any planes already in the air would be diverted elsewhere.

U.K. Rules Modified

NATS's extension of the airspace curbs included a provision that flights may be permitted from 1 a.m. to 1 p.m. from Northern Ireland and Scotland's Western Isles to Glasgow, Edinburgh and Prestwick, subject to individual coordination.

North Atlantic traffic to and from Edinburgh, Glasgow, Prestwick and Belfast also may be allowed in that period, NATS said. Airport operator BAA Ltd. said all its U.K. facilities would be closed until 1 p.m., and the Manchester Airport said flights there would remain suspended until further notice.

British Airways, Europe's third-biggest airline, said it can't be sure that services will resume tomorrow. Customers booked to travel on a canceled flight will be able to claim a full refund or rebook for a later date.

"Volcanic ash clogs up the engines, so it's not worth going anywhere near it," Philip Allport, a spokesman for the London-based carrier, said by telephone.

In 1982, all four engines on a British Airways Boeing Co. 747 flying to Perth, Australia, shut down as the aircraft encountered ash spewed from Mt. Galunggung in Indonesia. The plane fell for almost four miles before the pilot was able to restart three engines and make an emergency landing in Jakarta.

Flight Risk

Another Boeing jumbo lost all engine thrust in 1989 after encountering ash from Alaska's Redoubt Volcano, and four other airliners were damaged during the next three months, according to the Federal Aviation Administration Web site. An eruption Mt. Pinatubo in the Philippines in 1991 damaged at least 17 planes, most more than 600 miles away, according to the FAA.

Iceland has more than 200 volcanoes and 600-plus hot springs. When Eyjafjall last erupted in 1821 the event lasted more than a year, according to the Global Volcanism Program at the Smithsonian Institution in Washington.

The latest eruption, which began early yesterday, is a further blow to a country struggling to rebuild a crippled economy after financial collapse prompted the world's fifth-richest nation per head in 2007 to turn to the International Monetary Fund.

The ash plume rose high into the atmosphere before being swept toward the U.K. by the prevailing air flow, said Brendan Jones, a forecaster at MeteoGroup U.K. in London.

'Very Diffuse'

"The eruption isn't huge by any means, but it's still an aviation threat because ash is very dangerous to jet engines," he said. "You wouldn't be able to detect it from the ground as it'll be very diffuse. The only real way that you know it's there is it quite often results in vivid sunrises and sunsets."

The U.K. Met Office's Volcanic Ash Advisory service shows the cloud covering most of Norway and Scotland, as well as parts of England, Ireland, Sweden, Finland and Russia. The plume is projected to spread east and south, extending over most of the British Isles, Scandinavia, the Benelux countries, Germany, Poland, the Czech Republic and the Baltic states over the next day, as well as parts of France and Russia.

Scottish terminals in Aberdeen, Edinburgh and Glasgow were first to close on the advice of NATS, followed by London hubs including Heathrow, Europe's busiest with upwards of 1,200 flights and 180,000 passengers a day.

Buses, Trains

Bus operator National Express Group Plc said all services from Heathrow to Scotland are full today and that extra vehicles will be added tomorrow. U.K. trains are running as normal.

All Norwegian terminals shut from 10 a.m. local time, according to Jo Kobro, a spokesman at Gardermoen airport near Oslo. North-Swedish bases closed, said Elisabeth Manzi at SAS Group, the Nordic region's biggest carrier. Sweden's remaining airspace closes at 6 p.m., excluding the Baltic Sea area.

Reykjavik Airport remains open.

Fraport AG, operator of the Frankfurt airport, has canceled about 100 of 1,400 daily flights, spokesman Thomas Ueber said in a phone interview, adding that an easterly wind may prevent further disruption. Airspace over Germany itself is "unaffected at this time," said Ute Otterbein, a spokeswoman for the DFS Flight Safety air-traffic control organization.

Westbound routes have been moved south to avoid the ash, according to Brussels-based Eurocontrol, the intergovernmental organization that oversees the region's flight paths. It said earlier that north German airspace might be affected.

Disruption to flights may last a further 48 hours, Kyla Evans, a spokeswoman for Eurocontrol, said by telephone.

Paris, London

France will close the Roissy-Charles de Gaulle and Orly airports near Paris by 11:00 p.m. at the latest, the country's civil aviation authority said in an e-mailed statement.

Passengers at Heathrow, where arrival and departure boards list all flights as canceled, said they understood the reasons for the shutdown. Terminals were mostly empty as travelers found out about the cancelation of flights before leaving home.

"I travel nonstop, so it's just one of those deals, although it's definitely a strange one," said Chris Watkins, a sales director at U.S. oil-equipment company Kimray Inc. who had been planning to travel to Jackson, Mississippi, via Dallas with British Airways. "Airlines aren't going to fly if they can't guarantee the safety of the passengers."

"I'd very much like to be back in Lyon by now," said Jean-Pierre Viaud, who is stranded at Stansted airport after spending three days in London on vacation. "What can you do about something like this?"

Ryanair Holdings Plc and EasyJet Plc, Europe's two biggest discount airlines, both warned of disruption from the ash.

Inter-continental services have also been affected. Japan Airlines Corp. flights headed to London and Amsterdam turned back to Tokyo, spokeswoman Sze Hunn Yap said by phone, while Singapore Airlines Ltd. said two flights from Copenhagen and Heathrow would depart early because of volcanic ash cloud.

American, Delta

American Airlines cancelled 21 inbound and outbound U.S. flights, or as much as 60 percent of its U.K. timetable, spokesman Tim Smith said in a phone interview. No other European services have been affected as yet, he said.

Delta Air Lines Inc. scrapped three flights out of Heathrow and one from Manchester, northern England, while Continental Airlines Inc. may reroute some European services, according to a statement on its Web site.

"As long as they can re-accommodate the passengers, there won't be much of a revenue impact," Hunter Keay, an analyst at Stifel Nicolaus & Co. in Baltimore, said in an interview with Tom Keene on Bloomberg Radio.

There were few delays this morning at Atlanta, Chicago O'Hare and Dallas-Fort Worth, three of the largest U.S. hubs, according to industry researcher FlightStats.com. Many U.K.- bound flights leave in the afternoon and evening local time.

To contact the reporters on this story: Steve Rothwell in London at srothwell@bloomberg.net; Alex Morales in London at amorales2@bloomberg.net.

Airlines Must Reroute Or Refund Passengers (IRET)

[Irish Times](#), April 16, 2010

CONSUMER RIGHTS: WHILE THE travel plans of thousands of passengers who had flights cancelled yesterday are in disarray, this morning they can take some comfort from the fact that their consumer rights are intact.

Under European regulations, passengers whose flights have been cancelled must be given a choice between rerouting to their final destination or a full refund.

They will not, however, be entitled to any compensation as a result of cancellations as they are considered to have been as a result of an act of God.

If consumers choose to reroute instead of applying for a refund, airlines have to offer an alternative flight to the final destination at the earliest opportunity or at a later date of the intending passenger's choice, subject to the availability of seats.

The airlines must also offer meals, refreshments and hotel accommodation where a stay of one or more nights is necessary.

If an airline offers a flight to an alternative airport they must bear the cost of transferring their passengers from that alternative airport to the one in their reservation or to another nearby destination agreed with the passenger.

While the legislation is clear, getting money out of some airlines may not be straightforward.

"In reality many airlines do not provide these things as a matter of course," Caroline Curneen of the European Consumer Centre in Dublin told The Irish Times .

She advised anyone who has been affected by cancellations to keep all receipts for expenses incurred as a result and to submit a claim in writing, enclosing copies of all the receipts directly to the airline in question.

If the airline does not respond within 10 working days passengers should make a complaint to the Commission for Aviation Regulation.

She also said all passengers who have been negatively affected by the cancellations should be informed in writing of their rights.

The regulator will then raise the matter directly with the airline, and if it is satisfied that an infringement has occurred, it will consider a prosecution.

If intending passengers choose a refund instead of rerouting, the airline can immediately discontinue the provision of care.

However, if the journey no longer serves its intended purpose as a result of the cancellation of a connecting flight, you are also entitled to a free flight back to your original departure point, as well as the refund for the part of the journey already made.

In such a case, the air carrier may not decline the passenger's right to care.

Aer Lingus and Ryanair's telephone helplines struggled to cope with a massive volume of calls from concerned consumers yesterday.

Both airlines have advised passengers who are intending to travel today to visit their websites for updates of schedule changes and for information on how to rebook tickets and claim refunds.

Ash Cloud From Iceland Volcano Halts Air Traffic Across Europe, Effects Reverberate Worldwide (CHIT/AP)

By Jill Lawless And Robert Barr

[Chicago Tribune](#), April 16, 2010

LONDON (AP) - An ash cloud from Iceland's spewing volcano halted air traffic across a wide swath of Europe on Thursday, grounding planes on a scale unseen since the 2001 terror attacks as authorities stopped all flights over Britain, Ireland and the Nordic countries.

Thousands of flights were canceled, stranding tens of thousands of passengers, and officials said it was not clear when it would be safe enough to fly again.

An aviation expert said it was the first time in living memory that an ash cloud had affected some of the most congested airspace in the world, while a scientist in Iceland said the ejection of volcanic ash - and therefore disruptions in air travel - could continue for days or even weeks.

"At the present time it is impossible to say when we will resume flying," said Henrik Peter Joergensen, the spokesman for Copenhagen's airport in Denmark, where some 25,000 passengers were affected.

The ash plume, which rose to between 20,000 feet and 36,000 feet (6,000 meters and 11,000 meters), lies above the Atlantic Ocean close to the flight paths for most routes from the U.S. east coast to Europe.

With the cloud drifting south and east across Britain, the country's air traffic service banned all non-emergency flights until at least 7 a.m. (0600GMT, 2 a.m. EDT) Friday. Irish authorities closed their air space for at least eight hours, and aviation authorities in Denmark, Norway, Sweden and Belgium took similar precautions.

The move shut down London's five major airports including Heathrow, a major trans-Atlantic hub that handles over 1,200 flights and 180,000 passengers per day. Airport shutdowns and flight cancellations spread eastward across Europe - to France, Belgium, the Netherlands, Denmark, Ireland, Sweden, Finland and Switzerland - and the effects reverberated worldwide.

French officials shut down all flights to Paris and 23 other airports.

Airlines in the United States canceling some flights to Europe and delayed others. In Washington, the Federal Aviation Administration said it was working with airlines to try to reroute some flights around the massive ash cloud.

Flights from Asia, Africa and the Middle East to Heathrow and other top European hubs were also put on hold.

The highly abrasive, microscopic particles that make up volcanic ash pose a threat to aircraft because they can affect visibility and get sucked into airplane engines, causing them to shut down. The ash can also block pitot tubes, which supply vital instruments such as air speed indicators, or latch onto engine blades, forming a glassy substance that may cause engines to surge or stall.

Ash will also damage all forward-facing surfaces on an aircraft, such as the cockpit windshields, the wings' leading edges, the landing lights and air filters for the passenger cabin.

It was not the first time air traffic has been halted by a volcano, but such widespread disruption has not been seen the Sept. 11, 2001 terror attacks.

"There hasn't been a bigger one," said William Voss, president of the U.S.-based Flight Safety Foundation, who praised aviation authorities and Eurocontrol, the European air traffic control organization, for closing down airspace. "This has prevented airliners wandering about, with their engines flaming out along the way."

Gideon Ewers, spokesman for the International Federation of Airline Pilots Associations said it was a unique event.

"Normally, these volcanic eruptions affect air travel in areas of thin traffic such as the Aleutian islands in Alaska, or in Indonesia and the Philippines," he told The Associated Press.

In Iceland, hundreds of people have fled rising floodwaters since the volcano under the Eyjafjallajökull (ay-yah-FYAH'-plah-yer-kuh-duhl) glacier erupted Wednesday for the second time in less than a month.

As water gushed down the mountainside, rivers rose up to 10 feet (3 meters) by Wednesday night, slicing the island nation's main road in half. The eruption was at least 10 times as powerful as the one last month, scientists said.

The volcano still spewed ash and steam Thursday, but the flooding had subsided, leaving new channels carved through the Icelandic landscape. Some ash was falling on uninhabited areas, but most was being blown by westerly winds toward northern Europe, including Britain, about 1,200 miles (2,000 kilometers) away.

"It is likely that the production of ash will continue at a comparable level for some days or weeks. But where it disrupts travel, that depends on the weather," said Einar Kjartansson, a geophysicist at the Icelandic Meteorological Office. "It depends how the wind carries the ash."

At Heathrow, passengers milled around, looking at closed check-in desks and gazing up at departure boards listing rows of cancellations.

"It's so ridiculous it is almost amusing," said Cambridge University researcher Rachel Baker, 23, who had planned to meet her American boyfriend in Boston but got no farther than Heathrow.

"I just wish I was on a beach in Mexico," said Ann Cochrane, 58, of Toronto, a passenger stranded in Glasgow.

The National Air Traffic Service said Britain had not halted all flights in its space in living memory, although most flights were grounded after Sept. 11. Heathrow was also closed by fog for two days in 1952.

The ash cloud did not disrupt operations at Iceland's Keflavik airport or caused problems in the capital of Reykjavik, but has affected the southeastern part of the island, said meteorologist Thorsteinn Jonsson. In one area, visibility was reduced to 150 meters (yards) Thursday, he said, and farmers were told to keep livestock indoors to protect them from eating the abrasive ash.

Eurostar train services to France and Belgium and cross-Channel ferries were packed as travelers sought ways out of Britain. P&O ferries said it had booked a passenger on its Dover-Calais route who was trying to get to Beijing - he hoped to fly from Paris instead of London.

The U.S. Geological Survey says about 100 aircraft have run into volcanic ash from 1983 to 2000. In some cases engines shut down briefly after sucking in volcanic debris, but there have been no fatal incidents.

Kjartansson said until the 1980s, airlines were less cautious about flying through volcanic clouds.

"There were some close calls and now they are being more careful," he said.

In 1989, a KLM Royal Dutch Airlines Boeing 747 flew into an ash cloud from Alaska's Redoubt volcano and lost all power, dropping from 25,000 feet to 12,000 feet (7,500 meters to 3,600) before the crew could get the engines restarted. The plane landed safely.

In another incident in the 1980s, a British Airways 747 flew into a dust cloud and the grit sandblasted the windscreen. The pilot had to stand and look out a side window to land safely.

Last month's eruption at the same volcano occurred in an area where there was no glacial ice - lessening the overall risk. Wednesday's eruption, however, occurred beneath a glacial cap. If the eruption continues, and there is a supply of cold water, the lava will chill quickly and fragment into glass.

If the volcano keeps erupting, there's no end to the flight disruptions it could cause.

"When there is lava erupting close to very cold water, the lava chills quickly and turns essentially into small glass particles that get carried into the eruption plume," said Colin Macpherson, a geologist with the University of Durham. "The risk to flights depends on a combination of factors - namely whether the volcano keeps behaving the way it has and the weather patterns."

Iceland, a nation of 320,000 people, sits on a large volcanic hot spot in the Atlantic's mid-oceanic ridge, and has a history of devastating eruptions.

The worst was the 1783 eruption of the Laki volcano, which spewed a toxic cloud over Europe with devastating consequences. At least 9,000 people, a quarter of the population of Iceland, died, many from the famine caused by the eruption, and many more emigrated. The cloud may have killed more than 20,000 people in eastern England and an estimated 16,000 in France.

Volcanic Ash Disrupts U.S. Flights To Europe (WSJ)

By Mike Esterl

[Wall Street Journal](#), April 16, 2010

U.S. airlines canceled dozens of flights between the U.S. and the U.K. on Thursday, as ash from volcanic eruptions in Iceland shut down British airports and began affecting other European airports.

U.S. carriers had canceled more than 100 flights between the U.S. and the U.K. as of noon Thursday, according to the Air Transport Association, an umbrella group for U.S. airlines. Many of those cancellations involve flights that had been scheduled to leave the U.S. later Thursday.

Flight disruptions for U.S.-based travelers could spread as airspace in other parts of northern Europe also were affected by the drifting volcanic clouds, which reduce visibility and can cause engines to stall.

"It's a very dynamic situation," said Paul Takemoto, a spokesman at the Federal Aviation Administration in Washington.

The FAA said it had not ordered U.S. airlines to stop flying to European destinations, and that it would likely continue to leave that decision to the airlines. Most Europe-bound flights from the U.S. depart in the late afternoon or early evening.

Airlines typically fly near Iceland on trans-Atlantic flights because that is the most direct route. But as long as European airports are open, airlines can change their routes and fly farther to the south.

The New York City and London route is the second most heavily flown international route measured by passengers, only behind the Hong Kong and Taipei route, according to the International Air Transport Association.

Delta Air Lines Inc., the largest U.S. airline, said it had canceled nine flights between the U.S. and the U.K. that would normally have departed already. They involved both incoming and outgoing flights.

A Delta spokesman added the carrier was still hoping to fly most or all of its flights to the U.K. and Europe later Thursday if airports in Europe stay open or reopen by Friday morning, when the airplanes would arrive. But he didn't rule out delays.

U.K. and Irish commercial airspace closed at 1100 GMT and was scheduled to remain closed at least until 0500 GMT Friday. Airspace in France, Belgium, the Netherlands and other European countries also is being affected.

Continental Airlines Inc., the fourth-largest U.S. carrier by traffic, said it had canceled 32 flights between the U.S. and Europe as of late Thursday morning. Most of them originated at its hub in Newark, N.J., which handles much of its international traffic.

Most of the affected Continental flights involve the U.K., but some flights to other European cities, including Oslo and Amsterdam, also have been disrupted, a spokesman added.

Several U.S. airlines said they are waiving fees for customers who wish to change their near-term travel Europe plans. - Doug Cameron in Chicago contributed to this article.

Write to Mike Esterl at mike.esterl@wsj.com

Volcano Eruption Halts Europe Flights (WSJ)

Spewing Ash From Iceland Drifts Across Continent, Forcing 'Unprecedented' Airspace Closure; Disruptions Will Continue

By Paul Sonne, Daniel Michaels And Kaveri Niththyananthan

[Wall Street Journal](#), April 16, 2010

Ash clouds that spouted from a volcano in Iceland and drifted across Europe caused the largest international airspace shutdown in years and threatened to choke air travel for days and pose problems for months.

The volcano, under a glacier known as Eyjafjallajökull, began erupting several weeks ago for the first time since the 1820s. It exploded more violently early Wednesday, spewing ash 30,000 feet into the air.

Because volcanic ash can cause engine failure in airplanes, civil aviation authorities shut down airports across northern and western Europe on Thursday as the cloud drifted across the Continent. Cancellations scrambled flight plans as far south as Italy and Spain.

"It's unprecedented to have so much airspace closed," said a spokeswoman for Eurocontrol, the 38-country agency in Brussels that coordinates European flights.

U.S. carriers canceled about 165 flights on Thursday, or half of their daily traffic to and from Europe-which typically passes near Iceland-and at least as many for Friday, according to the Air Transport Association, an umbrella group for U.S. airlines.

Experts say it is impossible to predict how long the volcano will continue to erupt or at what intensity. An expedition team that returned from the volcano on Thursday found the eruption was still going strong, with a lot of ash being propelled into the air, said Oli Aranson, a meteorologist at Iceland's national meteorological office.

"We are most likely going to have an ash cloud for the next couple of days at least," Mr. Aranson said on Thursday. He said the wind would continue blowing in the direction of the British Isles until the middle of next week.

Even if the volcano stops spewing dust on Friday, flights will remain disrupted for several days because planes and crews are out of place. After Sept. 11, 2001-the last time authorities closed such a broad swath of airspace-it took U.S. carriers almost a week to get their schedules near normal.

More than half a million fliers were affected Thursday, and hundreds of thousands more could be inconvenienced daily as serious disruptions continue.

Britain, France, Germany, Ireland, Belgium, Poland the Netherlands and Scandinavia shut down airports Thursday. Airports affected included two of the world's busiest hubs, Heathrow in London and Charles de Gaulle in Paris. BAA Ltd. said flights it operates at airports in Britain in England, including Heathrow, would be closed until at least 1 p.m. Friday.

Eurocontrol said that 5,000 to 6,000 of the Continent's 28,000 daily flights had been grounded Thursday. About 300 trans-Atlantic flights-half the daily total-by U.S. and European carriers combined were canceled.

Poland's closure, if it continues, will prevent international dignitaries from attending the funeral Sunday of President Lech Kaczynski, who was killed with a delegation of Polish leaders in a plane crash last week. About 70 foreign delegations, including President Barack Obama, are scheduled to attend. The White House said it is watching developments.

An extended grounding could prove painful to Europe's carriers. Airlines frequently cope with weather-related grounding for reasons such as snow and thunderstorms, but such disturbances rarely last more than a day.

The volcanic eruption and resulting disruption comes as the global airline industry has shown signs of recovery after its worst crisis in decades. Traffic volumes and passenger fares have been rising this year as the global economy has come back to life.

The disruption could be particularly painful to carriers such as British Airways PLC and Scandinavian Airlines System, which are already facing heavy financial losses. As the cloud spread, it also grounded Irish carriers Ryanair Holdings PLC and Aer Lingus Group PLC, British carriers easyJet PLC and Virgin Atlantic Airways Ltd., and the Dutch and French units of Air France-KLM SA. German airspace closures affected Deutsche Lufthansa AG and Air Berlin. Beyond, LOT Polish Airlines SA and Hungary's Wizz Air, which operates extensively in Poland, will also face disruptions.

The disturbance could save carriers some money on fuel and other operating costs-but not enough to offset the loss of revenue and the cost of putting passengers up in hotels and feeding them, if necessary.

After the last major event began at Eyjafjallajökull, in 1821, disturbances continued on and off for about a year. It is located under a glacier and has erupted four times in the past 1,100 years.

This year, the more dramatic activity emanating from Eyjafjallajökul (pronounced ay-yah-FYAH'-plah-yer-kuh-duhl) came when a new vent under the central crater opened around midnight Tuesday and later began spewing ash, according to the Nordic Volcanological Center in Reykjavík, which monitors volcanic activity in the region.

A number of dangerous incidents involving volcanic ash interfering with airplane engines caused the United Nations' International Civil Aviation Organization to establish the Volcanic Ash Warning System, a global system of nine centers that uses computer modeling to forecast the path of ash clouds and alerts aviation services if necessary. The VAWS alerted civil aviation authorities in Europe after Eyjafjallajökull's eruption.

In 1982, a British Airways Boeing 747 flying over Indonesia flew through an ash cloud produced by the eruption of Mount Galunggung. The plane, flying at 37,000 feet, with 247 passengers and 15 crew on board, lost all four engines. The crew descended rapidly out of the cloud and managed to restart three engines, eventually landing safely at Jakarta airport. A number of similar incidents occurred in the 1980s as well.

Volcanic ash presents a serious threat to jetliners flying at high altitude. The ash, which has a consistency similar to talcum powder, can be invisible and often doesn't show up on either ground-based radar or the weather radar systems on board jetliners, according to Paul Hayes, director of safety at Ascend Ltd., an aviation consulting firm in London.

The first warning a flight crew would have of volcanic dust is a sulfurous smell from the plane's air-conditioning system and possibly electrical discharges, known as "St. Elmo's fire," on some external surfaces of the plane, Mr. Hayes said.

As of late Thursday, the volcano was still pumping out new ash, and civil aviation authorities across Europe worried that the volcano would continue disturbing air traffic for months.

"Volcanoes are notoriously irregular in their behavior," said Pall Einarsson, professor of geophysics at the University of Iceland. "If there is any rule about them it is: There is no rule." -Mike Esterl and Doug Cameron contributed to this article.

Write to Paul Sonne at paul.sonne@wsj.com, Daniel Michaels at daniel.michaels@wsj.com and Kaveri Niththyananthan at kaveri.niththyananthan@dowjones.com

Volcano Forces Up To 6,000 Flight Cancellations (CNN)

[CNN](#), April 16, 2010

Some other developments:

- France closes 24 airports, including Paris Charles de Gaulle, the French civil aviation authority said Thursday.
- British airspace will be closed at least until 7 a.m. (2 a.m. ET) Friday, air traffic authorities said Thursday.
- The U.S. Air Force says RAF Mildenhall and RAF Lakenheath in England are shut down for at least two days. That means dozens of U.S. Air Force F-15s and other fighter jets and tankers are not flying. Flights to Iraq and Afghanistan flying through that airspace are being diverted to other routes.
- Belgian airspace was partially closed at 2:30 p.m. (8:30 a.m. ET), affecting the western part of the country, a spokesman for Brussels airport confirmed. At 4:30 p.m. (10:30 a.m. ET) all Belgian airspace will be closed, he said.
- Dutch airspace is due to close at 7 p.m. (1 p.m. ET), officials at Amsterdam's Schiphol airport said.
- Danish airspace will shut at 6 p.m. (12 p.m. ET), Danish airspace agency Navair said.
- Finnish airspace is "heavily restricted" but not closed, according to Finavia, the company that oversees Finland's air navigation system.

[Updated at 3:33 p.m.] A cloud of volcanic ash will force up to 6,000 flight cancellations across Europe Thursday, according to the intergovernmental body that manages European air travel.

[Posted at 1:01 p.m.] Americans flying to Europe on Thursday are running into delays as airlines cancel flights because of clouds of volcanic ash from Iceland which have closed airspace in parts of Europe.

Delta Air Lines has suspended service into and out of the U.K. for the rest of Thursday, spokesman Anthony Black said.

American Airlines was able to operate 15 flights into and out of the U.K. on Thursday before airspace was closed, spokesman Tim Smith said. "Aircraft encountered no ash," he said.

The airline canceled 21 flights into and out of the U.K., Smith said.

Continental Airlines canceled 32 flights Thursday, according to spokeswoman Mary Clark. The airline is allowing passengers with flights to or from more than a dozen European cities through April 18 to change their tickets once without penalty. Refunds will be offered for canceled flights.

One British Airways flight was en route to Dulles International Airport near Washington on Thursday morning, but other flights due to arrive there from the UK were canceled, said Rob Yingling, a spokesman for the Metropolitan Washington Airports Authority.

Other destinations connected directly to Dulles - including Amsterdam, Netherlands; Copenhagen, Denmark; and Brussels, Belgium - are likely to be affected, he said.

Large Parts Of European Airspace Unavailable - Eurocontrol (WSJ/DJ)

By Alessandro Torello

[Wall Street Journal/Dow Jones](#), April 16, 2010

BRUSSELS (Dow Jones)--A large chunk of Europe's northwestern airspace is unavailable, or will become unavailable over the course of the day, because a cloud of volcanic ash coming from Iceland is disturbing air traffic, Eurocontrol said Thursday.

The U.K.'s airspace, as well as parts of Danish and Swedish airspace, are already unavailable, said Eurocontrol, the agency that coordinates flights in Europe.

Other airspace--including Brussels, Amsterdam and Rotterdam in the Netherlands, and Ireland [excluding its oceanic airspace]--will become unavailable later Thursday, it said.

Several Flights From LAX To Europe Canceled Because Of Volcanic Ash (LAT)

By Ann M. Simmons

[Los Angeles Times](#), April 16, 2010

Several flights from Los Angeles International Airport to Europe were grounded Thursday because of ash from a volcano in Iceland that has stopped air traffic across a wide swath of northern Europe.

According to officials at LAX, two British Airways flights bound for London were canceled Thursday and cancellations were expected for Air New Zealand and Lufthansa flights.

American Airlines canceled its Thursday evening flight to London's Heathrow Airport, according to Tim Smith, a spokesman based at the airline's headquarters in Fort Worth, Texas.

The flight, scheduled to depart at 7.50 p.m. and arrive in London on Friday, would have been full, carrying 247 passengers, Smith said. He said London's Heathrow was scheduled to reopen at 7 a.m. Friday, but the schedule was "subject to review."

"We really don't know," Smith said.

The American Airlines flight that left LAX for London on Wednesday night arrived at Heathrow on Thursday morning "with no trouble," he said.

The airline was able to get 15 flights throughout its system into London prior to the airport's closure, Smith said.

United Airlines canceled one flight headed to Heathrow from LAX, said Robin Urbanski Janikowski, a spokeswoman for the airline. She was unable to say how many passengers had been affected or when United flights to London from LAX might resume.

Tens of thousands of passengers were stranded across Britain, Ireland and Scandinavia when several airports shut down because of ash from the Icelandic volcano Eyjafjallajökull, which erupted Wednesday for the second time in less than a month.

"Passengers are advised to check with their airlines if they are departing on flights to Europe," said LAX spokeswoman Katherine Alvarado.

Ash Forces Delta, United To Scrub More Europe Flights (Update2) (BLOOM)

By Mary Schlangenhein

[Bloomberg News](#), April 16, 2010

(Bloomberg) -- Delta Air Lines Inc. and UAL Corp.'s United Airlines led U.S. carriers in canceling at least 216 flights, almost two-thirds of the total, after a volcanic ash cloud closed airports in the U.K. and parts of Europe.

The U.K. shutdowns will last until 1 p.m. local time tomorrow, an air-traffic control agency said, extending restrictions that had been set to run until 7 a.m. The ash, which was spewed by an eruption of Iceland's Eyjafjallajökull volcano, can choke or damage jet engines, creating a crash risk. "The airlines have a zero tolerance policy for ash," Chris Waythomas, acting scientist in charge at the Alaska Volcano Observatory in Anchorage, said in an interview. "They won't even take off if they think the hazard is still there."

U.S. airlines had to scrub flights due to arrive tomorrow in Europe because the jets were scheduled to depart today and be airborne overnight. The volcanic dust forced airport closings in Norway, Sweden and Poland, and French officials idled the Roissy-Charles de Gaulle and Orly airports near Paris.

The U.S. industry operates 337 daily U.S.-European flights, according to the Air Transport Association trade group in Washington, so the 216 cancellations reported by the airlines represent 64 percent of the total.

President Barack Obama will travel to Poland as planned for the April 18 funeral of President Lech Kaczynski, who was killed in a plane crash, the White House said. The ash cloud will persist across the U.K. and parts of northern Europe through April 18 and decrease into next week, according to forecaster AccuWeather Inc. in State College, Pennsylvania.

'Like a Snowstorm'

Airlines include possible weather disruptions in their financial planning, so ash-related cancellations for a day or two probably won't dent earnings, said Hunter Keay, an analyst at Stifel Nicolaus & Co. in Baltimore.

"Think of it sort of like a snowstorm," Keay said in an interview with Tom Keene on Bloomberg Radio. "As long as they can reaccommodate the passengers, there won't be much of a revenue impact."

The busiest carrier across the Atlantic based on passenger traffic is Atlanta-based Delta. Houston-based Continental is second, followed by United, AMR Corp.'s American Airlines and US Airways Group Inc., based on data compiled by Bloomberg.

Delta was unchanged at \$14.39 at 4 p.m. in New York Stock Exchange composite trading, and UAL rose \$1.18, or 5.3 percent, to \$23.54. The Bloomberg U.S. Airlines Index of 12 carriers rose about 1 percent after a person familiar with the matter said Continental and United were in merger talks.

Delta, Continental

Delta canceled 65 flights tonight and into tomorrow between the U.S. and Europe, a spokesman, Anthony Black, said in an interview. United scrubbed 62, said Robin Urbanski, a spokeswoman for the Chicago-based carrier.

Continental has dropped 34 flights to Europe, primarily from its hub in Newark, New Jersey, said Christen David, a spokeswoman. Fort Worth, Texas-based American canceled 35 flights in and out of the U.K., said Tim Smith, a spokesman, and US Airways scrubbed 20 flights, said Morgan Durrant, a spokesman for the Tempe, Arizona-based carrier.

U.S. airlines are advising passengers flying to the U.K. and Europe to check the carriers' Web sites for updates. Most also are allowing travelers to change flights without a penalty.

Ash particles imperil aircraft in flight, and pilots who encounter such a cloud should "reverse course in order to escape," according to the U.S. Federal Aviation Administration.

Ash Risk

"They try to keep airplanes out of there as much as possible," said Fred Mirgle, former chairman of the aviation maintenance science department at Embry-Riddle Aeronautical University in Daytona Beach, Florida. "Large amounts of it at speed can create problems for the equipment."

Abrasive ash can erode parts and lead to expensive repairs, or knock out engines, Mirgle said.

A KLM Boeing Co. 747 lost all power on Dec. 15, 1989, after flying into an ash cloud from a volcanic eruption 100 miles (161 kilometers) south of Anchorage, according to the U.S. National Transportation Safety Board. The pilots lost almost half their altitude, falling to 13,300 feet, before they could restart the four engines. The flight landed safely at Anchorage.

An eruption on June 15, 1991, from Mount Pinatubo in the Philippines damaged at least 17 airliners in flight, most more than 600 miles from the volcano, according to the FAA.

To contact the reporter on this story: Mary Schlangenstone in Dallas at maryc.s@bloomberg.net

France To Close Orly, Charles De Gaulle Airports From Tonight (BLOOM)

By Steve Rhinds

[Bloomberg News](#), April 16, 2010

(Bloomberg) -- France will close the Roissy- Charles de Gaulle and Orly airports near Paris by 11:00 p.m. at the latest tonight because of a cloud of volcanic dust coming from Iceland, the country's civil aviation authority said in an e-mailed statement today.

6th UPDATE: Volcanic Ash Clouds Disrupt European Air Traffic (WSJ/DJ)

By Kaveri Nithyananthan

[Wall Street Journal/Dow Jones](#), April 16, 2010

(Updates air-space closure details in the U.K.)

LONDON (Dow Jones)--Clouds of volcanic ash from eruptions in Iceland drifted to parts of Europe on Thursday, forcing air-traffic controllers to close airspace to commercial aircraft and compelling airlines to cancel thousands of flights until Friday morning at the earliest.

Airspace in the U.K., Ireland, France, Belgium, the Netherlands, Norway, Denmark, Sweden and Finland were affected, and the havoc threatened to spread further with Germany also reviewing the situation as the clouds were sent south by the prevailing winds.

Airlines across the world were affected, with Eurocontrol, a 38-country agency in Brussels that coordinates European flights, estimating that between 4,000 and 5,000 of Europe's 28,000 daily flights would be affected by the end of Thursday.

U.S. airlines had canceled more than 100 flights between the U.S. and U.K. as of 1600 GMT, according to the Air Transport Association, an umbrella group for U.S. airlines. The Federal Aviation Administration said it hadn't ordered U.S. airlines to stop flying to European destinations and that it would likely continue to leave that decision to the airlines.

Delta Air Lines Inc. (DAL), the largest U.S. airline, said it had canceled nine flights between the U.S. and U.K. that would normally have departed already.

Transatlantic flights usually travel close to Iceland because jet stream paths boost fuel economy and because airlines must also fly close to possible diversion airports in case of emergencies.

Hundreds of thousands of travelers likely will be impacted. In Ireland alone, about 60,000 passengers may be affected, the Dublin Airport Authority said. Russian Prime Minister Vladimir Putin had to postpone a trip from Moscow to Russia's far northern region of Murmansk on Thursday due to the ash cloud.

Volcanic ash represents a significant safety threat to aircraft. Volcanic particles reduce visibility, damage aircraft windshields and can cause engines to shut down.

A volcano under Iceland's Eyjafjallajökull glacier erupted Wednesday for the second time in a month, spewing clouds up to 30,000 feet into the air. Aircraft travel at altitudes up to 35,000 feet.

Experts say the Icelandic eruptions could continue on-and-off for months, potentially meaning continued delays and closures. An expedition team that returned from the volcano Thursday found that the eruption was still going strong, with a lot of ash being propelled into the sky. Oli Aranson, a meteorologist at Iceland's national meteorological office, said: "We are most likely going to have an ash cloud for the next couple of days at least."

Aranson said the wind would continue to flow toward the British Isles until the middle of next week. Ash coming from the volcano could begin travelling in a different direction if the winds change.

U.K. and Irish commercial airspace closed at 1100 GMT and will remain closed until at least noon Friday, authorities said, but noted flights from Northern Ireland and the Western Isles of Scotland to and from Glasgow, Edinburgh and Prestwick could be allowed early Friday, as well as North Atlantic traffic. The U.K.'s Civil Aviation Authority said U.K. airspace hadn't been affected as badly since World War II.

Authorities in Sweden said its airspace would be closed to turbine-engined aircraft from 2000 GMT, after partial closures earlier in the day. Airspace above the Netherlands was being progressively closed and was expected to be completely closed by 1700 GMT. Airspace controlled by Norway, Denmark and Finland also was completely or partially closed. Paris' two main airports were due to shut by 2100 GMT at the latest, and others in the north of France started shutting at 1500 GMT, aviation officials said.

BAA Ltd., which owns six airports in the U.K., earlier said all domestic flights had been cancelled between its airports. In total, some 550 of the 1,250 departures and landings at London's Heathrow, the world's busiest international passenger airport, were cancelled Thursday.

A BAA spokesman said any flights to the U.K. from the U.S. that hadn't departed by 0600 GMT wouldn't be allowed to take off. Those that were due to land after 1100 GMT likely now will be diverted to other airports. BAA is a unit of Spain's Grupo Ferrovial SA (FER-MC).

British Airways PLC (BAY.LN), the biggest operator at Heathrow by number of takeoff and landing slots, said it wouldn't operate from London after 1030 GMT until further notice, and will be providing hotel accommodation overnight for stranded passengers.

Europe's largest budget carrier, Ryanair Holdings PLC (RYAAY), cancelled over 600 flights, or about 40% of its schedule, having stopped flying to or from the U.K. at 0800 GMT, to or from Ireland at 0900 GMT, to and from Norway, Sweden and Denmark at 1000 GMT, and to and from Belgium from 1500 GMT. It said it wouldn't operate any flights to or from those countries before 1300 GMT Friday.

-By Kaveri Niththyananthan, Dow Jones Newswires; 4420 7842 9299; kaveri.niththyananthan@dowjones.com and Doug Cameron, Dow Jones Newswires; (312) 750 4135; doug.cameron@dowjones.com

(Paul Sonne in London, and Daniel Michaels and Mike Esterl in New York contributed to this article.)

Iceland Ash To Completely Close Swedish Air Space 2000 GMT (WSJ/DJ)

By Karl Bruze

[Wall Street Journal/Dow Jones](#), April 16, 2010

STOCKHOLM (Dow Jones)--Air space above Sweden's territory will be completely closed to turbine-engined aircraft from 2000 GMT, because of the clouds of ash from a volcanic eruption in Iceland.

LFV, which operates air navigation services in the Nordic country, said all Swedish air space except over the Baltic Sea, will be closed from 1600 GMT, when Denmark will also close its air space.

Company Web site: <http://www.lfv.se>

Volcanic Ash From Iceland Grounds European Flights (FT)

By Pilita Clark, Aerospace Correspondent, And Andrew Ward, In Helsinki

[Financial Times](#), April 15, 2010

The Financial Times does not allow third party providers to redistribute copies of stories. Use the link provided to access the full story on the Financial Times website.

Volcanic Ash Prompts Flight Curbs In Poland (BSWK)

[BusinessWeek](#), April 16, 2010

WARSAW, Poland

Polish authorities have banned flights over part of northwestern Poland as ash spewed by a volcano in Iceland moves southward.

Poland's PAP news agency reported Thursday evening that the Polish Air Navigation Services Agency prohibited flights over part of the country until further notice. Flights in and out of Gdansk airport were canceled.

It wasn't immediately clear whether there was any risk of disruption to world leaders' plans to travel to the funeral on Sunday of President Lech Kaczynski, who was killed along with dozens of other senior Polish civilian and military figures in a plane crash last weekend.

The state funeral is to be held in Krakow, in southeastern Poland.

Iceland's Volcanic Ash Cloud Disrupts Travel Plans Of Thousands Of US Passengers (MINNST/AP)

By Joan Lowy, Associated Press

[Minneapolis Star Tribune](#), April 16, 2010

WASHINGTON - The bottom fell out of travel plans for thousands of U.S. airline passengers Thursday as dozens of flights between the U.S. and Europe were canceled, part of a global disruption in air travel as clouds of ash from a volcano in Iceland forced widespread closures of European airports.

At least 100 U.S. flights had been canceled by early Thursday afternoon Eastern Daylight Time, according to David Castelveter, a spokesman for the Air Transportation Association, which represents most major U.S. carriers.

Most of the canceled U.S. flights were to the United Kingdom or from there, he said. Some airlines were also canceling flights scheduled for Friday, he said.

Federal Aviation Administration spokeswoman Laura Brown said the agency was working with airlines to reroute flights from the U.S. to Europe around the cloud when possible. Some flights en route were also returned to the U.S. late Wednesday and early Thursday or diverted from their intended destination to other Europe airports as closures mounted.

Volcanic eruptions rarely interrupt commercial air travel, but some large ash clouds high in the atmosphere have the potential to stall or shut down jet engines.

Airports in Britain, Ireland and Nordic countries were closed first. By late Thursday morning France had closed 23 airports, including Paris airports.

But flights to other destinations are also affected. Brown said the route for most flights from the U.S. East Coast to Europe crosses the North Atlantic near the ash cloud.

A spokesman for the Port Authority of New York and New Jersey, which operates New York's three metro area airports, would not comment on flights and the impact of the air space closure on individual airlines.

The route between New York and London is the second busiest in the world, behind the route between Hong Kong and Taiwan.

Tyrone Lowery, the front desk supervisor at the 360-room International JFK Airport Hotel in New York, said more than 150 guests had been affected by the flight cancellations.

"So far they're taking it," he said. "Some of them are disappointed."

He said most had booked one-night stays.

The European airport closings triggered a wave of calls to Garber Travel, one of New England's biggest travel agencies. The Boston-based company said it started receiving calls into its 24-hour hotline late Wednesday and early Thursday.

"It's minute by minute, because I think it will be a domino effect across Europe and I'm not sure how many airports it will affect over time," said Nancy Greenfield, Garber's director of leisure sales.

Massport CEO Thomas Kinton said cancellations Thursday at Logan International Airport in Boston included two British Airways flights to and from airport authority board that "the situation is fluid and more outbound flights may cancel."

British Airways spokesman John Lampl said the airline had several flights out of the U.S. bound for Heathrow that were returned to their departure cities or forced to land elsewhere when London airports were closed. That includes flights from Chicago, San Francisco, Denver, Las Vegas and New York. Some passengers were being put up in hotels.

Some flights made it out of the U.S. late last night, but more were being canceled Thursday morning.

"This will domino into every airline," Lampl said. "Everybody's in the same boat."

American Airlines canceled 21 flights that were scheduled to arrive at or depart from London after U.K. authorities closed the airspace, said airline spokesman Tim Smith. He said American was able to make six takeoffs and nine arrivals at Heathrow before the shutdown.

Smith said American flights to other points in Europe were not affected as of Thursday morning, Central time. He said passengers on the canceled U.K. flights were booked on later trips or given a refund.

Continental Airlines said it had canceled 32 flights by 10:30 a.m. Central time, mostly ones leaving from the airline's hub in Newark, N.J., plus a few from Houston.

Continental said it would let customers scheduled on flights through Sunday to about a dozen European destinations alter their plans without the usual change fee, or get a refund.

At the British Airways Terminal at John F. Kennedy International Airport, William Phelps and family told a local radio station that they had decided to stay longer in New York after their flight to London's Heathrow Airport was canceled.

"It's the simplest thing for us," he said. As for his children, he said they were fine with the change in plans. "They love New York, so that's OK."

Chicago Flights To Europe Delayed Due To Volcanic Ash In Iceland (CHIT/AP)

By Associated Press

[Chicago Tribune](#), April 16, 2010

CHICAGO (AP) - Volcanic activity in Iceland is affecting flights in the Chicago area.

The Chicago Department of Aviation said Thursday morning that flights at O'Hare International Airport were "experiencing delays to Europe due to volcanic activity reported in Iceland." The Aviation Department is advising passengers to contact their airlines to check on the status of flights.

Flights in the United States and Europe are being disrupted by clouds of ash spewing from a volcano in Iceland.

The volcano's smoke and ash poses a threat to aircraft because it can affect visibility, and microscopic debris can get sucked into airplane engines and can cause them to shut down.

Air Traffic Disruptions Expected In Dutch, Belgian And North Western Part Of German Airspace In The Coming Hours (ATC)

[ATC Network](#), April 16, 2010

CET - In the coming hours and, according to the latest estimate, until Friday 16 April 12:00 CET, airspace restrictions will be implemented in the airspace controlled by the Maastricht Upper Area Control (MUAC) Centre

Over the past hours, MUAC - together with the other air navigation service providers in the area, the Central Flow Management Unit in Brussels and the meteorological services concerned - have been carefully monitoring the progression of the volcanic ash cloud from Iceland to the South East to ensure the safest management of air traffic.

As the ash cloud enters the MUAC airspace from the North West, flow management measures will be implemented for the portions of the airspace contaminated by the cloud. These measures will primarily concern the sectors located in the northern part of the Netherlands and North West Germany, but it is expected that the restrictions will increase as the cloud progresses further to the south, reaching the Belgian and Luxembourg sectors in the course of the night.

At present it is not possible to precisely predict how the situation will evolve. In the coming hours we will continue to closely monitor the situation, with the objective of returning to normal operations as soon as possible.

MUAC is responsible for the upper airspace (from 7.5 km) of Belgium, the Netherlands, Luxembourg and the North West of Germany. The lower airspace is managed by the national air navigation organisations Belgocontrol, LVNL and DFS.

Mind The Ash! A Reporter Stuck In London (FOX)

By Michael Tobin

[FOX News](#), April 16, 2010

After more than a half a decade based in the Middle East, this was supposed to be my smooth transition back to stateside living. I guess I should have thought to check my volcano forecast before getting on the plane in Tel Aviv.

No one on the plane seemed to suspect a thing was wrong. On approach to Heathrow the TV monitors were all askew. The airline blankets were kicked about like a teenager's bedroom and the flight attendants had bright shiny smiles on their faces as I was asked to store my laptop for landing.

Just as we were getting ready to get off one plane and I was getting ready to switch to another, the announcement went out that all of us needed to fill out immigration cards in London, get off the plane and get our bags. There was a cloud from a volcano in Iceland and the airspace over Great Britain would be closed. A couple of shrieks went out among the passengers. I just wondered how long this delay would last. This is my first volcanic cloud. Rockets, grenades, tear gas, I'm a connoisseur, but a volcanic cloud? I've got no prior experience for that and no idea what to expect for how long this is going to take.

The line was long through passport control but then again, after six years coming and going through Israel, I've seen worse. Re-claiming baggage was hectic because the bags were all coming off on the wrong belts. My luggage was easier to locate cause each bag was big enough to haul a small pony. After all, I'm not just headed on vacation, I'm moving. So, I got the baggage cart and took an elevator to the top floor to the British Airways help counter. Forget discussing plans for a new flight, BA's assistance was only geared towards getting people into hotels. The scheduled flights were all still listed on the departures board with the word 'cancelled' flashing after each flight. Meanwhile, British Airways employees worked their way up and down the line handing out water and snacks.

Then the discussion began about whether British officials were being too cautious at our expense. But the majority consensus seemed to accept that they delays were preferable to taking a risk that could cause a tragedy.

However, it became apparent, after a while, that this line was not the path to my salvation. I contacted Fox headquarters in NY to see if anyone wanted me to jump on the air and talk about this, wheeled my towering baggage cart out of the line and got a cab. I hadn't picked up any British pounds so I had some hassles with the cab (I figured I could get away with credit card.) But the bright spot to this whole thing is that I had an unplanned reunion with my colleague Amy Kellogg and some of the rest of the Fox crew doing lives by the airport. I jumped on the air for a quick live shot and Bill Hemmer busted my chops because I haven't shaved in a while.

That wraps up the adventure to this point. The official word is that British airspace will open up sometime around 6pm on Friday. I don't think many people here have much experience with volcanic clouds either. I get the feeling that time frame could slide. I've been stuck in worse places than this and the pubs are open. I'll try to be strong.

Belgian Airspace Closed Friday-Brussels Airport (Inquirer)

Inquirer.net, April 16, 2010

BRUSSELS-Belgian airspace will remain closed until at least Friday evening, Brussels airport announced, after all flights were grounded due to fears over a cloud of volcanic ash emanating from Iceland.

Brussels international airport will thus be closed with the cancellation of 210 flights due on Wednesday up to 6:00 p.m. (1400 GMT), affecting 20,000 passengers, the airline said in a statement.

Flights overflying Belgium will also be affected.

"Brussels airport confirms that the air space above Belgium will be closed until 1800 hours on Friday," the statement said.

The airport, where anxious travellers sought information on alternative travel, after all flights were cancelled on Thursday afternoon, said it was expecting hundreds of people to spend the night there.

In order to make their unwanted stay more comfortable, waiting areas were being equipped with camp beds, water bottles were being distributed and medical aid was available.

Other passengers were asked to contact their airline or travel agency before coming to the airport.

The airport's own website crashed during the day due to the numbers of people seeking information.

"We have said that it will be 24 hours at least," with Belgium at the mercy of the winds as to when the air space may be reopened, Belgian secretary of state for transport Etienne Schouppe told local television.

Canadian Air Carriers Cancel Europe-bound Flights Due To Volcanic Ash (CP)

The Canadian Press, April 16, 2010

TORONTO - Canadian air carriers have cancelled dozens of overseas flights from across Canada as a cloud of volcanic ash continues to scuttle air travel across northern Europe.

Air Canada says it has cancelled all flights to and from London's Heathrow airport, Charles de Gaulle airport in Paris and the Frankfurt airport until further notice.

Air Transat has nixed all flights to Heathrow.

Airports across Europe were forced to close after an erupting volcano in Iceland spewed a treacherous ash cloud, closing all air space over Britain, Ireland and the Nordic countries.

Experts say the ash, comprised of bits of sand and glass the consistency of talcum powder, compromises pilot visibility and aircraft engines.

Both Air Canada and Air Transat are advising travellers to check their websites for future flight status updates.

The disruption that stranded tens of thousands of people in Europe began to trickle down to Canada as the day progressed.

Just a handful of cancellations were reported at Canadian airports early Thursday, but the number had swollen to more than 30 by late afternoon.

The Greater Toronto Airports Authority said a total of 11 flights were cancelled, while authorities at the Aeroport de Montreal said nine of its flights were scrapped.

The volcanic cloud scrubbed six flights in and out of the Vancouver airport, four in Calgary and one in Halifax.

A volcano beneath Iceland's Eyjafjallajokull glacier began erupting Wednesday for the second time in less than a month, triggering floods and shooting smoke and steam kilometres into the air. About 700 people from rural areas near the volcano were evacuated Thursday because of flooding.

Video showed spectacular images of hot gases melting the thick ice, sending cascades of water thundering down the steep slopes of the volcano. Rivers swelled three metres in hours.

The ash cloud became a menace to air travel as it drifted south and east toward northern Europe - including Britain, about 2,000 kilometres away.

The ash plume drifted at between 6,000 and 11,000 metres, where it could get sucked into airplane engines and cause them to shut down. The smoke and ash also could affect aircraft visibility.

Cancelled Flights Spain Phones Numbers Spanish Airports Aena Network Ash From A Volcanic Iceland (Barcelona)

By Barcelona Reporter

[Barcelona Reporter](#), April 16, 2010

From the airports in the Aena network 266 transactions coming from Britain and 263 output operations were scheduled for yesterday

Cancelled Flights Spain Phones Numbers Spanish airports Aena network ash from a volcanic Iceland

A total of 75 flights had been cancelled until 1100 hours at various Spanish airports from or to the United Kingdom and Norway, according to data from Spanish Airports and Air Navigation (Aena).

In particular, it cancelled 34 arrivals and 41 departures at the airports of Madrid-Barajas, Palma de Mallorca, Lanzarote, Malaga, Valencia, Alicante, Reus to or from both countries in Northern Europe.

From the airports in the Aena network 266 transactions coming from Britain and 263 output operations were scheduled for today. Aena is informing passengers at airports affected through PA systems and recommends those who are scheduled to fly later in the day to contact their airline.

Information phones are : Aena 902 404 704 and (+34) 91 321 10 00. United Kingdom, Ireland, Norway, Denmark, Finland and Sweden have closed certain sectors of its airspace as a result of a cloud of ash from a volcanic eruption in Iceland. The move, reported by the aeronautical authorities of these countries to Eurocontrol, is affecting flights to and from Northern Europe, especially Britain.

Form Holders of tickets with Iberia (IB075), issued before April 15, with flights to 17 of the month, may make changes of date or route without penalty. These changes are allowed until April 29, 2010, valid for the new ticket, if necessary, until June 30, 2010.

The measure will apply to flights operated by Iberia and Iberia Regional Air Nostrum (8000 series) and IB7000 flights operated by British Airways on the Madrid-London routes. Customers can contact the travel agent where they purchased their tickets, or Iberia information service (902 400 500).

Strong wind and ash from the eruption of a volcano in Iceland have now caused the cancellation of most airport operations in the Canary Islands, AENA sources said. They said the winds change towards La Palma, La Gomera and El Hierro, has caused the suspension of services with the United Kingdom due to the presence of smoke and ash in UK airspace.

Volcanic Ash Affects Airplanes, Weather, Sunsets (AP)

By Malcolm Ritter (AP)

[Associated Press](#), April 16, 2010

NEW YORK - In 1989, all four engines of a Boeing 747 over Alaska conked out after it flew into a cloud of volcanic ash. The crew was able to restart them, but incidents like that dramatize why hundreds of flights every year are diverted around such gritty debris.

A volcano can blow immense amounts of material into the sky, making the weather cooler and producing spectacular red and orange sunsets. But Thursday's disruption of air travel underlines what airborne ash can mean for jetliners.

Such a huge effect on airline schedules is unusual, because ash plumes usually appear well away from the most crowded airspaces. This week's eruption in Iceland blew debris over Northern Europe, threatening most routes from the East Coast to Europe.

Volcanic ash can stay aloft for days and travel far. Of the more than 20 aircraft damaged by ash from the 1991 eruption of Mount Pinatubo in the Philippines, most were flying more than 600 miles from the volcano.

The tiny particles are invisible to the weather radar on airplanes and cannot be seen at night. So volcano monitoring is serious business in the United States.

"Once we detect an eruption, our first call goes to the FAA," said Tom Murray, director of the U.S. Geological Survey's Volcano Science Center, which oversees five volcano observatories nationwide. USGS scientists work closely with Federal Aviation Administration and the National Weather Service to track ash plumes.

The abrasive ash can sandblast a jet's windshield, block fuel nozzles, contaminate the oil system and electronics and plug the tubes that sense airspeed. But the most immediate danger is to the engines.

"Jet engines are like giant vacuum cleaners. If they're in a volcanic ash cloud, they're just sucking in all that ash and that damages the engines," Murray said.

The most immediate hazard occurs after ash melts or vaporizes in the extreme heat of the engine's combustion chamber, said Michael Fabian of Embry Riddle Aeronautical University's campus in Prescott, Ariz.

The melted ash can then congeal on the blades of the engine's turbine "like spray paint," he said. The deposits can block the normal flow of air through the engine, causing engines to lose thrust or shut down.

What's more, he said, the deposits can coat the fuel system's temperature sensors, fooling them into thinking the engine is running cooler than it is. So the system pours in more fuel, raising the heat and damaging the turbine, which can also make the engine shut down.

The effects can be harrowing. In the 1989 incident, the 747 dropped more than two miles in five minutes as the crew struggled to restart the engines. The 231 passengers could smell the volcanic sulfur of ash that had come from the Redoubt volcano, 150 miles away. Eventually, all the engines were restarted and the plane landed safely at Anchorage. All four engines had to be replaced.

Ash from the Mount Pinatubo eruption in the Philippines drifted more than 5,000 miles to the east coast of Africa. The eruption shot a column of ash and smoke more than 19 miles high, containing enough matter to qualify as perhaps the biggest eruption of the 20th century. The heavy fall of ash left about 100,000 people homeless and forced thousands more to flee.

The effects of that ash were even more widespread. Average world temperature dropped by more than 1 degree over the following two years, an effect seen by many scientists as a counterbalance to global warming.

The weather effect was much bigger for the 1815 eruption of Tambora in Indonesia, often called the biggest eruption in recorded history. The following year was called "the year without summer," with sporadic snowfall and killing frosts in June through August in New England and Europe. Crops failed and soup kitchens opened to feed the hungry.

Ash from the eruption of the Krakatau (sometimes called the Krakatoa) volcano between Java and Sumatra in 1883 darkened the surrounding area for two days. It drifted around the Earth several times, making for brilliant sunsets that live on today, in sketches done in England by artist William Ashcroft.

Science Writer Alicia Chang in Los Angeles and Aviation Writer Slobodan Lekic contributed to this report
On the Net:

Volcano information: <http://www.volcano.si.edu>

Volcano alerts: <http://volcanoes.usgs.gov>

Qantas Cancels UK-Bound, Frankfurt-Bound Flights Friday (WSJ/DJ)

By Iain McDonald

[Wall Street Journal/Dow Jones](#), April 16, 2010

SYDNEY (Dow Jones)--Qantas Airways Ltd. (QAN.AU) has canceled Friday four flights bound for London and one flight bound for Frankfurt due to the volcanic ash cloud that has closed much of the airspace over Europe.

A spokesman said that it is too early to say whether flights due out Saturday for Europe would also be canceled.

Qantas flights that left Thursday bound for Europe are still stranded in a number of Asian stopover ports, he said.

Qantas, Singapore Air Cancel Europe Flights On Volcanic Ash (BLOOM)

By Robert Fenner And Susanna Ray

[Bloomberg News](#), April 16, 2010

(Bloomberg) -- Qantas Airways Ltd., Singapore Airlines Ltd. and at least nine other airlines in the Asia-Pacific region canceled and delayed flights as a cloud of ash shuts dozens of airports in the U.K. and northern Europe.

Qantas canceled two flights out of London yesterday while four Europe-bound planes are being held at stopovers in Asia, Olivia Wirth, a spokeswoman for the Sydney-based airline, said by telephone today. Singapore Air axed eight flights while Air China Ltd. and All Nippon Airways Co. also scrapped services.

The National Air Traffic Services Ltd. extended its U.K. airspace restrictions until 7 p.m. local time tonight as thousands of flights were grounded yesterday after Iceland's 5,500-foot, ice-covered Eyjafjall volcano erupted and winds carried dust across a swath of northern Europe. Airports in the U.K., Norway and Sweden halted flights on concern the plume could damage engines or parts such as speed sensors.

"This one is like right in the middle of an eight-lane freeway," said Hans Weber, president of San Diego-based aviation consultancy Tecop International.

Air New Zealand Ltd. said two flights that left Auckland yesterday will be held at their stopovers. Air China will scrap today's Beijing to Frankfurt service and ANA will cancel six flights connecting London, Paris and Germany. Japan Airlines Corp. will also cancel flights.

Korean Air Lines Co. will delay a Madrid flight while Cathay Pacific Airways Ltd., Hong Kong's biggest carrier, said it will delay flights to the continent.

Delta, United

"European destined customers should reconsider their need to travel at this time as our ability to operate to European destinations is uncertain," Qantas said on its Web Site.

Delta Air Lines Inc. and UAL Corp.'s United Airlines led U.S. carriers in canceling at least 216 flights, almost two-thirds of the total.

The plume covered most of Norway and Scotland, as well as parts of England, Ireland, Sweden, Finland and Russia, according to data by the U.K. Met Office's volcanic-ash advisory service.

Eruption-related disruptions may last for a further 48 hours, Kyla Evans, a spokeswoman for Eurocontrol, the body overseeing the region's flight paths, said yesterday.

To contact the reporters on this story: Robert Fenner in Melbourne rfenner@bloomberg.net; Susanna Ray in Seattle at sray7@bloomberg.net.

Q & A: Volcanic Ash Poses Major Flight Hazard To Airlines (LAT/AP)

Here are some questions and answers about how airborne ash affects jet airliners.

By From The Associated Press

[Los Angeles Times](#), April 16, 2010

Q: Why are flights across much of northwestern Europe disrupted Thursday by a plume of high-altitude volcanic ash blowing in from a major volcanic eruption in Iceland.

A: Civil aviation has become increasingly aware of the dangers of flying through the microscopic fragments of rock and pumice that make up ash clouds. Jet engines are highly complex machines designed to function in environments free of debris and corrosive gases, and the effects of volcanic ash have severely endangered safety on some flights.

Q: Why do national air traffic control bodies close down their airspace when ash is around?

A: The volcanic plume normally travels at altitudes of between 20,000 feet and 55,000 feet. This coincides with the flight levels of almost all commercial jet flights. But flights by smaller propeller planes using visual flight rules are usually permitted because these take place at much lower altitudes.

Q: How does the ash affect airliners and what are the dangers it poses?

A: The very fine but extremely abrasive particles present a hazard to the aircraft's airframe and powerplants. They easily scratch and erode paint, aluminum and glass. This damages the wings' leading edges, and has a sandblasting effect on cockpit windscreens and landing lights. Inside the engines, the particles stick to the engine's hot parts, forming a glasslike coating, and grind up turbines, bearings, and other moving parts, restricting air flow through the turbine. This may lead to the immediate loss of thrust and eventually engine failure.

The ash can block the pitot tubes and other sensors that supply vital information on speed and outside air pressure. It also can clog air filters, such as the ones through which air flows to the passenger cabin.

Q: When was flying through ash clouds recognized as a safety threat?

A: During the early 1980s, two Boeing 747s were severely damaged by the ash clouds spewing from Galunggung Volcano on Indonesia's Java island. One of these, a British Airways flight, lost power on all four engines. While the pilots managed to restart the engines at a lower altitude, the resulting glide still ranks as one of the longest ever performed by an aircraft not specifically designed as a glider.

Another 747 encountered similar problems while flying through the ash clouds over Mt. Redoubt, near Anchorage in Alaska. And at least 10 Jumbo jets and 10 DC-10s suffered multiple engine failures in 1991 from ash from Mt. Pinatubo in the Philippines.

Q: Why hasn't volcanic ash caused such a massive disruption of air traffic before?

A: This is the first time that a volcanic plume has covered an area of dense air traffic. About 20,000 flights take place in Europe each day, and the ash caused about 20 percent of these to be canceled. Usually, the eruptions occur in regions where there is limited airliner traffic, such as the "Ring of Fire" that extends across the Pacific rim from Indonesia to Chile.

Q: Why don't airliners just fly around the ash clouds, just as they do when skirting thunderstorms?

A: One of the main dangers posed by ash is that it is not visible at night or in clouds, and that an aircraft's weather radar cannot pick it up. Radar works on the principle of detecting water droplets in clouds, but since the ash clouds are dry, they do not reflect radar signals.

Ash particles conduct electrical charges. Often, the first indication that the pilots have of volcanic ash is the appearance of St. Elmo's Fire - a harmless electrical phenomenon that creates a ball of light around the wingtips - created when the charged particles strike the aircraft.

Q: How long will the current disruptions in Europe last?

A: That depends on how long the volcanic eruptions continue to shoot ash into the atmosphere, and on the prevailing winds in coming days. The plume appears to be following the jet stream which normally curves across the British Isles and Scandinavia.

Q&A: Volcanic Ash (FT)

By Clive Cookson

[Financial Times](#), April 15, 2010

The Financial Times does not allow third party providers to redistribute copies of stories. Use the link provided to access the full story on the Financial Times website.

Volcanoes Belching Abrasive Ash Risk Aircraft Engine Flameouts (BLOOM)

By Sabine Pirone

[Bloomberg News](#), April 16, 2010

(Bloomberg) -- Ash clouds from volcanoes pose a threat to aircraft safety because the plumes are filled with abrasive silica-based materials that risk clogging up the engines and sandblasting windscreens, researchers said.

Traversing a high-altitude volcanic ash clouds with a plane may also spark an electrical discharge known as St. Elmo's fire, block speed sensors or disrupt the airstream as pulverized rock strips away paint, according to Paul Hayes, director of air safety at aerospace information service Ascend.

Civil aircraft have encountered more than 80 incidents where ash clouds disrupted the flight, and pilots narrowly avoided crashes, said Bill McGuire, a professor at the Aon Benfield UCL Hazard Research Centre in London. The volcanic ash that swept across Europe from an eruption in Iceland today prompted airports in the U.K. and northern Europe to shut down and cancel or delay hundreds of international flights.

"If you lose power and lose accurate air-speed indication, it increases the risk of losing the aircraft," said Hayes. "That's why it is prudent not to fly through an ash cloud."

According to Toulouse-based Airbus SAS, volcanic particles have a melting point that is below an engine's internal temperature, causing them to melt when they pass through an engine in midflight. This may clog turbine vanes and disturb the flow of high-pressure combustion gases, risking an engine stall, according to an Airbus flight operations briefing note.

Flaming Out

In 1982, all four engines on a British Airways Plc Boeing Co. 747 flying to Perth, Australia, shut down as the aircraft encountered ash spewed from Mt. Galunggung in Indonesia. The plane fell for almost four miles before the pilot was able to restart three engines and make an emergency landing in Jakarta.

After a volcano erupted 100 miles south of Anchorage, Alaska on Dec. 15, 1989, a KLM Boeing Co. 747 flying from Amsterdam encountered an ash cloud at 26,000 feet, according to a U.S. National Transportation Safety Board report. Ash and smoke entered the cockpit, the pilots donned oxygen masks and all engines lost power, according to the report.

The plane landed safely at its Anchorage destination and none of the 245 people on board were hurt. An eruption on June 15, 1991, by Mount Pinatubo in the Philippines damaged at least 17 airliners in flight, most more than 600 miles from the volcano, according to the FAA.

Complications from volcanic dust range from sulfur odor filling the jet cabin to an outright flameout of the craft's engine due to ash ingestion. Ventilation, hydraulic, electronic and air data systems can also be contaminated, according to Airbus, the world's largest maker of passenger planes.

Detection Centers

Iceland, among the geologically most active areas in the world with more than 200 volcanoes, sits along the northern Atlantic route for aircraft flying between Europe and North America. The Pacific region has more than 100 active volcanoes.

To help detect volcanic ash plumes, the International Civil Aviation Organization helped set up nine volcanic ash advisory centers around the world, tasked with monitoring ash plumes within their assigned airspace.

Volcanic eruptions occur several times annually and can be "exceedingly dangerous," according to the FAA. The ash plume may not be visible, particularly at night, and even if it can be seen it is difficult to distinguish from an ordinary weather cloud, the FAA said. Pilots who encounter an ash cloud should "reverse course in order to escape."

To contact the reporter on this story: Sabine Pirone in London at spirone@bloomberg.net

Volcanic Eruptions Could Continue For Months (WSJ)

By Paul Sonne

[Wall Street Journal](#), April 16, 2010

LONDON-Experts say the Icelandic volcano that caused airports across Europe to ground flights on Thursday could continue to erupt on-and-off for months, potentially meaning continued delays and closures.

An expedition team that returned from the volcano on Thursday found that the eruption was still going strong, with a lot of ash being propelled into the air, Oli Aranson, a meteorologist at Iceland's national meteorological office said. "We are most likely going to have an ash cloud for the next couple of days at least," Mr. Aranson said.

He said the wind would continue to flow toward the British Isles until the middle of next week. Ash coming from the volcano could begin travelling in a different direction if the winds were to change.

As winds pushed the ash cloud east from Iceland to across northern Europe, air traffic controllers in Britain, Ireland, Netherlands, Norway, Denmark and elsewhere reacted by grounding flights, leaving thousands of passengers stranded. Volcanic ash can cause airplane engines to fail.

The main air route from North America to Europe, one of the busiest in the world, passes over the volcano. About 60,000 passengers could be affected in Ireland alone, according to the Dublin Airport Authority. Hundreds of flights at London's Heathrow Airport were cancelled after British air traffic control banned flights in U.K. air space until at least Friday morning.

The volcanic cloud has grounded roughly 3,000 of Europe's 28,000 daily flights Thursday, according to a spokeswoman for Eurocontrol, a 38-country agency in Brussels that coordinates European flights.

Aviation authorities said it remains unclear how long the disruption will last. "It depends on how the situation evolves," said the Eurocontrol spokeswoman. "It's quite difficult to predict."

Pall Einarsson, professor of geophysics at the University of Iceland, says it's hard to predict how long the flare-up will continue, because some eruptions last for days while others last for years.

Though the ice-capped Icelandic volcano initially began erupting on March 20, a new vent under the central crater opened very late Tuesday night and later began spewing ash, according to the Nordic Volcanological Center in Reykjavik, which monitors volcanic activity in the region.

The volcano, named Eyjafjallajökull for the glacier above it, last erupted at the end of 1821, with disturbances continuing on-and-off for about a year. Prof. Einarsson said a volcano can erupt for years, with the intermittent disturbances varying in intensity.

"Volcanoes are notoriously irregular in their behaviour," Prof. Einarsson said. "If there is any rule about them it is: There is no rule." -Kaveri Niththyananthan and Daniel Michaels contributed to this article.

Write to Paul Sonne at paul.sonne@wsj.com

Flights May Be Restricted For Days, Says Taskforce (IRET)

[Irish Times](#), April 16, 2010

FLIGHT RESTRICTIONS may remain "for a number of days" due a plume of ash from an erupting Icelandic volcano, a spokesman for the Government's emergency taskforce has warned.

Both Ryanair and Aer Lingus have cancelled all UK and European flights in and out of Ireland until 1pm today.

However, late last night there was some respite for travellers when the Irish Aviation Authority (IAA) lifted restrictions on flights to and from Cork and Shannon. This will allow transatlantic traffic to operate.

The restrictions were lifted as the ash cloud moved towards the east coast. "We will continue to closely monitor the weather and once it is safe to fly into the east coast we will lift the restrictions at Dublin Airport when it is deemed safe to do so," said Donie Mooney, director of operations at the IAA, in a statement released before midnight.

Flights from Ireland to the UK and Europe are officially grounded until 11am. Earlier last night, Maurice Mullen assistant secretary of the Department of Transport said: "All the indications are that these aircraft will not be able to move for some time after that [11AM] perhaps for a number of days." He was speaking after the meeting of the Taskforce on Emergency Planning.

Aer Lingus said most flights to the US are expected to operate today but with delays. Passengers are being advised to check their airline websites for updates.

The plume of ash is being blown from Iceland over Ireland, the UK and northern Europe and this situation is not expected to change, Dr Gerald Fleming of Met Éireann said last night. He said high pressure to the north-west was directing the winds over Ireland and Britain.

"We don't see that weather situation changing significantly in the next two or three days. So if the volcano continues to spew out volcanic ash and sulphur dioxide we will continue to see that plume come down towards these countries and it will probably continue to affect our air space," he said.

The volcano began erupting on Wednesday for the second time in a month from below the Eyjafjallajökull glacier which hurled a plume of ash six to 11 kilometres into the atmosphere. Volcanic ash contains tiny particles of glass and pulverised rock which can damage engines and airframes.

The plume is projected to spread east and south, extending over most of the UK and Ireland, Scandinavia, the Benelux countries, Germany, Poland, the Czech Republic and the Baltic states over the next day, as well as parts of France and Russia.

The prospect of rain clearing the ash out of the atmosphere look unlikely as dry weather continues for the next two or three days.

Almost 500 flights involving about 50,000 passengers were cancelled in Ireland yesterday as a result of the restrictions.

Many ferries out of the Republic were full yesterday with queues forming at ports as passengers sought alternative travel options.

There was also major disruption to flights in France, Germany, Finland, Spain, Norway, Denmark, Sweden, Belgium and the Netherlands.

It was the first time within living memory that a natural disaster had caused such a halt in the UK, a spokeswoman for the UK's National Air Traffic Service said.

But some flights from Northern Ireland and the Western Isles of Scotland to and from Glasgow, Edinburgh and Prestwick may be allowed to fly, NATS said.

Brian Flynn, deputy head of operations at the European air traffic control organisation Eurocontrol, said the disruption was unprecedented. "The extent is greater than we've ever seen before in the EU. The meteorological situation is such that the volcanic ash is progressing very slowly eastwards but there is not a lot of wind . . . so it is very slow and very dense."

Those whose flights have been cancelled must be offered a choice between rerouting to their final destination or a full refund, under European regulations. The airlines must also offer meals, refreshments and hotel accommodation where a stay of one or more nights is necessary. If an airline offers a flight to an alternative airport it must bear the cost of transferring its passengers.

Caroline Curneen of the European Consumer Centre in Dublin advised anyone who has been affected by cancellations to keep all receipts for expenses incurred and to submit a claim in writing, enclosing copies of the receipts directly to the airline. If the airline does not respond within 10 working days passengers should make a complaint to the Commission for Aviation Regulation, she said.

Officials moved to reassure the public about the effects of the ash on human health. Maurice Mullen said there were "no specific public health concerns". Dr Fleming said he did not see the plume moving down into the lower atmosphere and would only come down as part of rain.

The Irish Coast Guard helicopter operations on the east and south-east coasts were restricted last night due to the hazardous conditions. but lifeboats continued to operate.

Some events were also cancelled. The headline act at tonight's sold out Trinity Ball Dizzee Rascall has made alternative travel arrangements and is expected in Dublin to perform.

Iceland Volcanic Eruption May Ignite Geological Chain Reaction (BLOOM)

By Ola Kinnander And Alex Morales

[Bloomberg News](#), April 16, 2010

(Bloomberg) -- The Icelandic volcano that erupted for the second time in four weeks may ignite a geological chain reaction with another volcano nearby, potentially extending a disruption to air traffic as ash plumes block flight paths, a geological researcher said.

The Eyjafjallajökull volcano in southern Iceland is adjacent to the Katla volcano, increasing the risk of a second eruption, said Þormann Hóskuldsson, a volcanologist at the Institute of Earth Sciences at the University of Iceland. The Eyjafjallajökull last erupted in 1821 and remained active for two years, according to the researcher.

"It is a beautiful volcano, but not when it's erupting," Hóskuldsson said. "It might be better tomorrow, but it could take a few days."

Iceland sits on an oceanic ridge in the Atlantic that provides a continuous flow of magma, keeping the crust warm and providing natural energy. Iceland has more than 200 volcanoes and more than 600 hot springs. The volcano, located in a thinly populated part of Iceland, will likely spew ashes for a couple of days before lava emerges, according to the university.

The island is home to 320,000 residents. Settlers arrived in Iceland around 874 on sail-powered wooden longships. The country came under Norwegian control in 1262 and then under Danish dominion in 1380. It gained autonomy 90 years ago and became fully independent from Denmark in 1944. Iceland made headlines in the last year after its financial system cratered.

Wandering Plume

The extent and duration of the ash plume depends on weather conditions and the length of the eruption, said Sarah Holland, a spokeswoman for the U.K. Met Office. The band of ash now covers most of Norway, Scotland, northern and central England, as well as parts of Ireland, Sweden, Finland and Russia, according to the Met Office's volcanic ash advisory service.

The plume is projected to spread east and south, extending over most of the British Isles, Scandinavia, the Benelux countries, Germany, Poland, the Czech Republic and the Baltic states of eastern Europe over the next day, as well as parts of northern France and western Russia.

The ash will affect flight traffic as long as the thick plume is lingering at heights of between six and 10 kilometers, Hóskuldsson said. European, U.S., and Asian air traffic was heavily disrupted today, with the U.K and Norway suspending all flights as the volcanic ash poses a risk of engine malfunction and impairment of cabin air quality.

To contact the reporter on this story: Ola Kinnander in Stockholm at okinnander@bloomberg.netAlex Morales in London at amorales2@bloomberg.net

Continental Air, United Said To Resume Merger Talks (Update3) (BLOOM)

By Zachary R. Mider

[Bloomberg News](#), April 16, 2010

(Bloomberg) -- Continental Airlines Inc. is holding merger discussion with United Airlines parent UAL Corp., potentially derailing United's discussions on a US Airways Group Inc. tie-up, a person with direct knowledge of the talks said.

The conversations are preliminary, said the person, who asked not to be identified because the details are private. Houston-based Continental began studying options last week after the United-US Airways negotiations were disclosed, another person said at the time.

A combination of United and Continental, which rank third and fourth in the U.S. by passenger traffic, would form the world's largest airline. Broader route networks allow airlines to funnel in more passengers and help carriers market themselves to corporate travel buyers.

"The stars have lined up -- market sentiment is favorable, industry conditions are favorable, regulatory conditions are much more favorable," said Vicki Bryan, a debt analyst at New York-based Gimme Credit LLC. "Both companies have definitely acted as if they agree they are a good match."

Merger negotiations in 2008 between the two carriers collapsed when Continental decided to stay independent. Continental later joined the Star Alliance group of airlines led by Chicago-based United.

Market Value

UAL is the third-largest U.S. airline by market value, at \$3.89 billion, and Continental is No. 4, at \$3.34 billion, based on data compiled by Bloomberg.

A United spokeswoman, Jean Medina, and Continental's Julie King declined to comment.

UAL rose \$1.18, or 5.3 percent, to \$23.54 at 4 p.m. in New York in Nasdaq Stock Market composite trading, while Continental climbed 52 cents, or 2.2 percent, to \$23.77 on the New York Stock Exchange. Those were the highest closing prices in two years.

A United-Continental combination would surpass Delta Air Lines Inc. to take the top spot in global passenger traffic. Delta became the world's biggest airline by buying Northwest Airlines Corp. in October 2008, a transaction that was completed as the global financial crisis dragged the industry to losses and chilled further merger discussions.

Now, the climate for consolidation is improving as business travel revives and airlines have greater access to capital, Jamie Baker, a JPMorgan Chase & Co. analyst in New York, said in a note to clients last week.

CEOs' Views

Continental Chief Executive Officer Jeff Smisek, 55, said in March he was open to a tie-up if the carrier needs to "bulk up defensively," while United CEO Glenn Tilton, 62, has championed mergers since before the airline left more than three years in bankruptcy protection in February 2006.

"There are merits to a combination of United and either party, but Continental-United would be a more compelling option, with less network overlap and a stronger international network," Jim Corridore, a Standard & Poor's equity analyst in New York, said in a note today. "However, Continental has long had a go-it-alone strategy."

Corridore reiterated his recommendation for holding UAL. He raised his Continental rating to "strong buy" from "buy" on March 2.

Continental and United rank one-two in the U.S. industry in the share of their traffic flown on international routes this year, at 52 percent and 47 percent, based on data compiled by Bloomberg. United is the largest of the group in trans-Pacific traffic, while Continental is No. 2 across the Atlantic.

Hubs, Fleets

Continental's U.S. hubs are in Houston, Cleveland and Newark, New Jersey, while United's are in Chicago, San Francisco, Denver and Washington. Continental's main jet fleet was 351 Boeing Co. planes as of Sept. 30, according to a Web site fact sheet. United has 360 planes in its main fleet, a mix of Boeing and Airbus SAS jets, according to a regulatory filing.

Should the United and US Airways talks produce a merger, their combination would create the second-largest airline, widening the gap between the top three carriers and Continental.

"They have to look at it from the standpoint of if some other deal were to happen, what does that do to them in terms of positioning in the industry?" said Robert Mann, owner of consultant R.W. Mann & Co. in Port Washington, New York.

The New York Times reported the UAL-Continental talks earlier today.

To contact the reporter on this story: Zachary R. Mider in New York at zmider1@bloomberg.net

Continental And United Resume Talks To Merge (NYT)

By Jad Mouawad And Andrew Ross Sorkin

[New York Times](#), April 16, 2010

When the music stopped on Thursday in the airline industry's game of musical chairs, Continental Airlines and United Airlines were back in talks again, and US Airways was still trying to grab a seat.

The latest merger talks come just a week after United and US Airways resumed their own off-again, on-again attempts at combining operations. But most industry analysts had viewed those discussions as a not-so-subtle attempt by United to lure Continental back to the negotiating table.

People briefed on the matter cautioned on Thursday that the discussions between Continental and United were in the early stages and could quickly fall apart. And talks between United and US Airways are still going on.

"The stars have aligned for consolidation," said Vicki Bryan, an analyst at Gimme Credit. "United is forcing Continental to make a move and is using poor little US Airways as bait."

The negotiations come close to two years after Continental broke off an engagement to merge with United.

A combination would create the nation's biggest airline, in terms of revenue. Merging United's operations in the West, including its hubs in Denver and San Francisco, and Continental's hubs in Houston and Newark would create a formidable competitor to Delta Air Lines, which jumped to the top position because of its acquisition of Northwest Airlines in 2008.

If the Continental-United talks result in a deal, American Airlines would end up as the third major carrier with both domestic and international operations. But it would leave US Airways way behind, with analysts questioning its chances of survival.

Combining Continental and United would also create a global behemoth. Continental would bring its strong presence in Latin America and Europe, while United has strong positions in Asia, including China and Japan.

Jean Medina, a spokeswoman for United in Chicago, and Julie King, a spokeswoman for Continental in Houston, both declined to comment. United is the nation's third-biggest carrier by market value, and Continental is the fourth. Todd Lehmacher, a spokesman for US Airways, also declined to comment.

Shares of UAL, United's parent company, gained 5.3 percent on Thursday, closing at a two-year high of \$23.54. The stock has risen 24 percent, valuing the company at \$3.94 billion, since reports of the talks were disclosed last week by The New York Times.

Shares of Continental, meanwhile, gained 2.2 percent, closing at \$23.77, also their highest level in two years, valuing it at \$3.3 billion. Shares of US Airways were barely changed at \$7.41.

Delta is now worth \$11.3 billion, indicating that investors are willing to grant a generous premium for bigger airlines.

Major airlines have been losing money for most of the decade because of vigorous competition from low-cost carriers and higher costs for fuel. Airline executives see consolidation as a way to raise revenue by offering more flights to passengers and as a way to cut overhead costs.

Analysts have said that a merger between Continental and United makes the most sense. It offers more complementary routes than a tie-up with US Airways, and would therefore raise fewer antitrust concerns in Washington.

With the global economy showing signs of improving, analysts have suggested that the time is right for airlines to consolidate to take advantage of the expected pickup in business and leisure travel. The talks also reflect the airlines' growing concern that they are trailing more formidable rivals being formed in Europe, including Air France-KLM and British Airways, which recently acquired Iberia of Spain.

Because of limits on foreigners owning more than 25 percent of United States airlines, domestic carriers have been increasingly coalescing around three global partnerships that allow them to share both passengers and revenue as well as to offer routes that literally circle the globe. Some of the airlines benefit from antitrust immunity to set fares and coordinate schedules with foreign carriers.

United belongs to the Star Alliance, which also includes Lufthansa of Germany. Delta, along with Air France, is part of SkyTeam. Continental, in an unusual move last fall, switched from SkyTeam to Star. And American Airlines and British Airways are members of the Oneworld alliance, which also includes Japan Airlines.

Continental and United were about to merge in 2008 but their talks foundered in the final stretch when Continental's board balked at United's poor financial health amid soaring fuel prices. The stunning reversal came just days before the two carriers were about to announce a deal. Continental's chairman at the time, Lawrence W. Kellner, had already been chosen to run the merged company.

The collapse of these talks prompted United to open discussions with US Airways, but those talks were also rapidly shelved. An attempt in 2000 by United to buy US Airways failed because of antitrust concerns from the Justice Department.

But today, United has more clout in its talks with the other airlines. While the company is still unprofitable, its balance sheet has vastly improved over the last year because of efforts to cut capacity and raise revenue through fees.

That means United may be in a position to dictate terms to Continental and to have its own executives run a merged company, according to a research note by Ms. Bryan, of Gimme Credit. United has less debt than Continental and has more than \$3 billion in cash, Ms. Bryan said. A combination of the two companies, she said, could yield more than \$2 billion in extra revenue, in addition to any cost savings.

At an investor conference last month, Jeffery A. Smisek, the chairman of Continental, suggested that the decision to walk from United two years ago was the right one "at the time." But he also said that he would be open to "defensively bulk up." Those comments were interpreted as a signal that he would be willing to make a pre-emptive move for United.

A Continental-United tie-up would be bad news for US Airways, which operates mainly as a domestic airline facing low-cost competition from Southwest Airlines on 80 percent of its routes, Basili Alukos, an analyst at Morningstar, said.

"The biggest question would be the future viability of US Airways," Mr. Alukos said. "Southwest is cheaper and is a better operator."

Michael de la Merced contributed reporting.

Continental On United's Merger Radar (CHIT)

By Julie Johnsson, Tribune Reporter

[Chicago Tribune](#), April 16, 2010

Continental Airlines is in serious merger discussions with United Airlines, picking up from talks that were suspended two years ago at the direction of the Houston-based carrier's board, said people with direct knowledge of the talks.

Continental was drawn back to the merger table after learning last week through press reports that Chicago-based United was courting Arizona-based US Airways, said a person close to the talks.

United's negotiations with both carriers are expected to progress rapidly, and it is likely to make its decision within 30 days, said a person familiar with the talks.

Representatives for the carriers declined to comment.

The "social" issues that thwarted a United-Continental deal in 2008 still must be resolved and again could cause an agreement to unravel, sources warned. United is expected to insist on keeping its headquarters in downtown Chicago, where it is building a new operations center with \$35.8 million in city assistance. Other points of contention: the makeup of the management team and the surviving brand.

The carriers have ample reason to move quickly, analysts said. Airlines are enjoying a rare burst of prosperity as the global economy recovers. After a decade of crises in which U.S. airlines lost \$70 billion, adjusted for inflation, observers fret the next calamity or oil shock may be right around the corner.

"With the price of oil high and the recovery under way, there is a sense of urgency," said Bill Swelbar, an MIT airline researcher. "It needs to be done, and done now."

Analysts consider Continental a better fit for United since their combination would form the world's largest airline, with relatively little overlap in their networks to draw scrutiny from antitrust regulators.

The two carriers also stand a greater chance of quickly and peacefully merging their unions, which would enable executives to focus on nonlabor cost cuts. In anticipation of a merger, United and Continental pilot union leaders have laid the groundwork for integrating their work forces, sources said.

Wendy Morse, president of United's powerful pilots union, said Thursday that Continental "represents a more logical merger partner" than US Airways, whose pilots and flight attendants remain deeply divided five years after it merged with America West Airlines.

"We have been down this path before, and we have a long-standing working relationship with the pilots of Continental," Morse said. "We would parlay this relationship to help make a merger between United and Continental viable for both pilot groups, as well as toward the success of the combined operations."

But US Airways and United also could make a compelling case for a tie-up that would create the world's second-largest carrier. Although the carriers likely would be required to divest holdings in such markets as Washington, D.C., Philadelphia and Las Vegas, where they have a concentration of resources, they still would form a larger domestic network than would a United-Continental combination, said airline analyst Vaughn Cordle, a retired United pilot.

Germany's Lufthansa, which shares antitrust immunity with United to coordinate trans-Atlantic flying, would be able to feed connecting passengers into Philadelphia or Boston, bypassing New York's congested airports, Cordle said.

Continental can't risk being left on the sidelines while its Star Alliance partners United and US Airways merge, leaving it a distant fourth in the U.S. market with few options for growth, said analyst Hunter Keay of investment bank Stifel Nicolaus.

"A Continental bid for United is not just an offensive play, but defensive as well," Keay added.

United and Continental forged a close partnership after their 2008 merger talks failed, sharing a host of operations, from information systems to airport gates, that analysts described as a virtual merger.

Continental also joined the Star Alliance, which was co-founded by United, forming vast joint ventures with its new partners to coordinate flying across the Atlantic and Pacific oceans.

But a merger with US Airways would boost United's market share on North Atlantic flights by 50 percent, potentially giving Congress or government regulators an excuse to revisit the antitrust immunity that United and Continental gained in 2009 from the U.S. Department of Transportation, Keay said.

Continental can't risk seeing the potentially lucrative joint ventures jeopardized or restricted, Keay added.

"The review process is a great unknown. They can speculate, but they can't say definitively" that the partnership's antitrust immunity won't be affected, he said.

Wall Street signaled its approval for a United-Continental combination Thursday. Both companies' stock hit 52-week highs as news of the merger talks, first reported by The New York Times, spread through the market. Meanwhile, US Airways shares lost a penny.

The rising market valuations and the pressure to move quickly likely improve the odds that United CEO Glenn Tilton and Continental chief Jeff Smisek will resolve issues involving ego and civic pride this time around, industry observers said.

Tilton, 61, has added impetus to ensure that United's latest merger overtures don't fizzle.

"Here's what I figure: Glenn's got no place to go. He'd like to go riding out on top," said former Continental CEO Gordon Bethune. "Obviously, if he's seen as engineering a Continental-United merger to create the largest airline in the world, that would be a feather in his cap. . He's not going to let it fail this time."

Report: United And Continental Discussing Deal; United Was Said Talking Combo With USAir (CHIT/AP)

By David Koenig

[Chicago Tribune](#), April 16, 2010

DALLAS (AP) - Shares of Continental Airlines and the parent of United Airlines rose Thursday after reports that the carriers are talking about combining to create the world's largest carrier.

The New York Times DealBook blog cited people briefed on the discussions, who said the talks were in early stages and could still collapse.

The news comes a week after reports that United and US Airways have been talking about combining. Analysts say a United-Continental combination makes more sense than United hooking up with US Airways because of Continental's strong international routes.

A spokeswoman for United said it doesn't comment on rumors. Continental Airlines Inc., which rejected a combination with United in 2008, also wouldn't comment.

Former Continental CEO Gordon Bethune said no one has told him that his old company is talking to United, "but if they weren't, I'd be surprised."

If United combines with US Airways instead, Continental would be left as the smallest of the so-called legacy airlines. "They have to look" at a deal with United, Bethune said in an interview. "It's a combination of two carriers who fit strategically, globally."

Shares of Continental rose 52 cents, or 2.2 percent, to close at \$23.77. United parent UAL Corp. jumped \$1.18, or 5.3 percent, to \$23.54, while US Airways Group Inc. fell a penny to \$7.41.

If they combine, United and Continental would become the world's largest airline by traffic, jumping over Delta Air Lines Inc. A United-US Airways combination would still be smaller than Delta, which bulked up by buying Northwest in 2008.

Standard & Poor's analyst Jim Corridore reiterated his "Hold" rating on UAL shares after the New York Times report.

"We think there are merits to a combination of United with either party, but believe (Continental-United) would be a more compelling option, with less network overlap and a stronger international network," Corridore said.

William Swelbar, an airline industry researcher and consultant who has advised Continental on labor issues, said a United-Continental merger would face fewer labor problems than a United deal with US Airways.

Combining different airline labor groups can be thorny. US Airways pilots are still fighting over a 2005 combination with America West. And already the head of the pilots' union at United, Wendy Morse, has said a merger with US Airways likely wouldn't help her pilots.

Morse said Thursday that Continental "represents a more logical merger partner for United Airlines" and would create a stronger company. She said pilots' jobs would be safer because United has less overlap on routes with Continental than with US Airways.

Continental executives have long said they preferred to remain independent, but the changing landscape of the airline industry could force them to combine with another airline.

Size matters to international airlines because high-fare business travelers demand convenient schedules to places they want to go.

Continental has always been big enough to compete. But if it stands idle while United combines with US Airways, Continental would be half the size of Delta and the new United-US Airways, and far smaller than American Airlines too.

The push to consolidate also is being driven by a belief in the airline business that the industry will benefit if there are fewer carriers. The remaining airlines would have more power to raise fares to cope with high fuel prices.

Daniel McKenzie, an analyst with Hudson Securities, said Continental could still go it alone, but if it doesn't combine with United now it won't get another chance.

UAL, Continental Rise After N.Y. Times Says Merger Talks Resume (BLOOM)

By Ed Dufner

[Bloomberg News](#), April 16, 2010

(Bloomberg) -- United Airlines parent UAL Corp. and Continental Airlines Inc. rose in U.S. trading after the New York Times reported that the companies had resumed merger talks.

Discussions on a combination are in early stages and may fall apart, the Times reported, citing people briefed on the matter whom it didn't identify. Spokeswomen for the airlines declined to comment, the newspaper said.

UAL gained 79 cents, or 3.5 percent, to \$23.15 at 1:25 p.m. in New York in Nasdaq Stock Market composite trading, while Continental climbed 20 cents to \$23.45 on the New York Stock Exchange, reversing earlier declines.

Merger negotiations between United, the third-largest U.S. carrier, and No. 4 Continental ended in 2008 when Houston-based Continental decided to stay independent. Chicago-based United and US Airways Group Inc. began holding talks on a tie-up in February, people familiar with the matter have said.

To contact the reporter on this story: Ed Dufner in Dallas at edufner@bloomberg.net

UAL, Continental Discuss A Tie-Up (WSJ)

By Susan Carey And Dennis K. Berman

[Wall Street Journal](#), April 16, 2010

UAL Corp. appears to be angling to have it all in renewed airline merger discussions: It wants to cut a deal to combine with US Airways Group Inc. while retaining its lucrative marketing alliances with rival Continental Airlines Inc.

People familiar with the matter said Thursday that UAL is talking with Continental about a potential combination, but the two remain far apart. These people said the talks don't necessarily mean UAL aims to dump US Airways in favor of Continental, but may be seeking to sustain deals that fall short of a merger while producing substantial revenue.

Some of the revenue benefits of an existing domestic marketing alliance between United and Continental already have been realized, one person said. The two carriers have said they are banking \$100 million a year each in new revenue. More could be had once Continental joins a transatlantic joint venture with United, Air Canada and Deutsche Lufthansa AG, three members along with Continental of the global Star Alliance marketing group.

The United-US Airways talks, which date back "some months," would serve a different purpose if they result in a deal that would bolster United's presence in some parts of the U.S. market and allow the two to cut costs and overhead by combining operations. Both UAL's chairman and chief executive, Glenn Tilton, and Doug Parker, his counterpart at US Airways, have been vocal proponents of the need for more consolidation in the fragmented U.S. airline industry.

Spokespeople for the three airlines declined to comment.

The combined cost and revenue synergies of a US Airways merger offer more than a Continental-United merger, said another person familiar with the situation, because two-thirds of the revenue benefits already are captured by the United-Continental alliance. And for shareholders of UAL and US Airways, the gains from revenue and cost-savings would be spread over a smaller combined equity base, providing a larger return, knowledgeable people said.

"For United's pilots, Continental, rather than US Airways, represents a more logical merger partner for United Airlines," Capt. Wendy Morse, head of the Air Line Pilots Association branch at United, said Thursday. "It is our belief, along with many analysts, that a merger between United and Continental would contain less route overlap and greater attainable synergies." She said her group would support such a combination if a deal would benefit United pilot careers. The ALPA branch at Continental said its leader, Capt. Jay Pierce, wasn't available for comment Thursday.

Chicago-based UAL is the No. 3 U.S. airline by traffic and has a current market capitalization of \$3.9 billion. Continental, based in Houston and ranked fourth by traffic, has a market cap of \$3.3 billion. US Airways, No. 6 by traffic and based in Tempe, Ariz., is valued at \$1.2 billion.

By comparison, Delta Air Lines Inc., which expanded as a result of its 2008 acquisition of Northwest Airlines, now is the largest carrier in the world with a market value of \$11.3 billion. Delta's vast size has changed the competitive landscape, possibly making a follow-on merger easier for antitrust enforcers at the Justice Department to swallow, several people close to the situation said.

But a United-US Airways combination would have large market share in Washington, D.C., and overlapping hubs between Washington and Philadelphia, and between Phoenix and Denver. Divestitures of some assets might be required to win regulatory approval.

There's also the risk that adding the Continental alliances to a United-US Airways combination would raise red flags among regulators.

These potential problems have led some analysts to believe a Continental-United marriage would be an easier regulatory sell. Even though the two together would create a larger airline, they'd have little overlap.

United tried to interest Continental in a merger two years ago and after serious talks believed a deal was imminent. That combination would have vaulted the pair ahead of Delta in size. But Continental, fearing that a merger would upset its harmonious labor-management relations and put the company at risk financially, broke off the talks.

United had been having parallel merger talks with US Airways. But a month after being rebuffed by Continental, United suspended the talks with US Airways even though the two agreed a combination could yield \$1.5 billion in cost and revenue synergies.

The sticking points included uncertainty over how they would finance integration costs and concerns about certain aspects of their union contracts.

United quickly moved to form a marketing alliance with Continental. Continental ultimately left the SkyTeam global marketing alliance and joined Star, the group in which United is an anchor partner and US Airways a junior member. Continental is on its way to joining the Star transatlantic joint venture.

United, Continental and All Nippon Airways Co. of Japan, another Star carrier, have requested government permission to operate a joint venture across the Pacific as well.

Jeff Smisek, Continental's new CEO, has said publicly that he might revisit his views on mergers if Delta outpaces the industry financially. He might also be having second thoughts of being a very small No. 4 carrier after Delta, AMR Corp.'s American and a bulked up United, even factoring in the alliance revenues.

United, US Air Merger May Yield Routes For 'Skeptical' Justice (BLOOM)

By John Hughes

[Bloomberg News](#), April 16, 2010

(Bloomberg) -- UAL Corp.'s United Airlines and US Airways Group Inc. may need to relinquish routes to gain approval for their merger from a tougher Justice Department than the one that sank their previous marriage proposal in 2001.

UAL and US Airways, the third- and sixth-largest U.S. airlines by traffic, have been in merger talks since mid- February, people familiar with the matter said last week. The only way to win over regulators may be to surrender some hub-to- hub routes, such as from United's Denver base to US Airways' Charlotte, North Carolina, said Steve Martin, a senior vice president at InterVistas consulting in Washington.

"Justice is going to be very skeptical, just because they're so big," Martin said of the carriers. "The antitrust division is going to give a really close, hard look at this."

Christine Varney, President Barack Obama's lead U.S. antitrust enforcer, has said the Justice Department will be "aggressively pursuing" anticompetitive behavior. The agency has demanded concessions from a British Airways Plc alliance with AMR Corp.'s American Airlines, and likened Continental Airlines Inc.'s request to coordinate flights abroad with United to "sanctioning collusion."

"It is probably a tougher test" to win approval under Obama than under President George W. Bush, said Clint Currie, a transportation analyst with Concept Capital's Washington Research Group. "The current DOJ is not as business-minded as the last one," he said.

'Elephant in the Room'

Bush's Justice Department scuttled UAL's \$12.3 billion takeover of US Airways in 2001, saying the combination would create a monopoly on 30 routes and lead to higher fares and poorer service for U.S. passengers. Both companies filed for bankruptcy the following year.

UAL, based in Chicago, and Tempe, Arizona-based US Airways are discussing an all-stock transaction to combine the companies, with the smaller US Airways being the acquirer, said the people familiar, who asked not to be identified because the talks are private. The merger would help United steer travelers to international flights from US Airways' domestic routes, said one of the people.

If the plan advances, regulators would scrutinize whether the merged entity would become too dominant in trans-Atlantic flights as part of the Star Alliance, the world's largest carrier grouping, said Hubert Horan, an airline consultant in Phoenix.

United and Houston-based Continental already have antitrust immunity to collaborate in Star on overseas flights. A merger with US Airways would add strength to the arrangement and become the "elephant in the room" with regulators, Horan said.

Changing Circumstances

Neither company has said if a merger agreement is in the works, and Gina Talamona, a Justice Department spokeswoman, wouldn't comment on the subject. A US Airways spokeswoman, Valerie Wunder, declined to respond to questions for this story, as did United spokeswoman Jean Medina.

Circumstances have changed since 2001, when the Justice Department first challenged the companies' merger, and would generate even more scrutiny, said William Blumenthal, former general counsel of the Federal Trade Commission.

"US Airways was a smaller airline than it is today," said Blumenthal, chairman of the antitrust group at the law firm Clifford Chance in Washington.

US Airways emerged from a second bankruptcy in 2005 by combining its operations with America West Holdings Corp. The companies were the seventh- and eighth-largest U.S. carriers prior to merging.

The Justice Department said in December that British Airways' alliance with American Airlines should be given antitrust immunity only if some takeoff and landing slots are surrendered or routes are exempted from the partnership.

Harming Competition

The department also called for limits in June on Continental's request to coordinate flights abroad with United. The agency said the request "is unprecedented in scope and breadth, sanctioning collusion" by the carriers on all international service.

Earlier this month, the Justice Department backed a tentative decision by the Federal Aviation Administration to require Atlanta-based Delta Air Lines Inc. and US Airways to give rivals a fifth of the slots the carriers sought to trade in New York's LaGuardia and Washington's Reagan airports.

In those cases, the department advised the Transportation Department and FAA. In a merger, the decision would be the Justice Department's.

The carriers "will need to explain to the antitrust division how this deal does not harm competition," said Andre Barlow, a former Justice Department attorney who's now a partner at Doyle Barlow & Mazard in Washington.

Legacy Airlines

The carriers may have to surrender flights at Ronald Reagan Washington National Airport, where US Airways is the largest airline, and where flight caps limit new competition, Currie said. Still, "any political kind of bent would have trouble overcoming the merits" of the merger, he said.

Low-cost carriers are more competitive with legacy airlines such as United than a decade ago, Currie said. Low-cost carriers such as Southwest Airlines Co. made up 25.7 percent of domestic traffic in 2009, up from 15.7 percent in 2000, according to the Bureau of Transportation Statistics.

"The environment has changed dramatically," said Alan Bender, an airline economics professor with Embry-Riddle Aeronautical University in Daytona Beach, Florida. "The legacy carriers essentially have no pricing power" in setting fares.

The Justice Department could decide the United-US Airways combination is necessary because one or both could fail alone, Bender said.

"The carriers have been on the ropes a long time," Bender said. A merger "may be permitted ultimately because the alternative is people out on the streets."

To contact the reporters on this story: John Hughes in Washington at jhughes5@bloomberg.net.

Latest IATA Statistics Show Continuing Traffic Improvement (AirTransIntel)

By Lori Ranson

[Air Transport Intelligence News](#), April 16, 2010

Business and premium travel trends continue to point to steady improvement, but the latest data released by IATA show premium travel is still roughly 16% below previous highs.

Statistics for February indicate the number of passengers travelling in business and first class grew 5.9% year-over-year as economy passenger levels increased 6.9%.

Despite premium traffic remaining below highs reached in early 2008, IATA believes the declines appear to be cyclical rather than a structural, permanent loss.

"As world trade growth returned so has premium travel," says IATA.

The declines in economy travel were not as severe as the decreases in premium travel, and IATA estimates passenger levels for economy travel are 3% below previous highs.

A large driver in the recovery in economy travel is business class customers opting to travel in the economy cabin. IATA explains that consumer confidence in the USA and Europe remains weak while trends in Asia point to more positive consumer behaviour.

"The pattern of economy travel has been much more closely linked to drivers of business travel in the past two years," the association explains.

Recovery continues to be strongest within Far East markets, says IATA. Trends also show South American premium travel is strong and travel across the South Pacific has been expanding at a rate of 20%.

IATA says European economies fell back into a decline at the end of 2009 while the US economy generated 5% economic growth. However, that was mostly stock building, which benefitted freight growth rather than resulting in an improvement in passenger markets.

Air Travel Increases On Fewer Flights (PITTR)

By Tom Fontaine

[Pittsburgh Tribune-Review](#), April 16, 2010

U.S. airlines carried 52.6 million passengers in January, up 1.5 percent from January 2009, the federal government reported today.

The increase in passengers came despite a 2 percent drop in the number of flights the nation's airlines operated, the U.S. Department of Transportation's Bureau of Transportation Statistics said.

Delta Air Lines carried the most passengers - 7.89 million. Last January, prior to completing its merger with Northwest Airlines, Delta ranked third behind Southwest Airlines and American Airlines, which were the second- and third-busiest airlines this January.

US Airways, the busiest airline at Pittsburgh International Airport, carried the fifth-most passengers among U.S. airlines, with nearly 3.9 million.

DIY Airplane Combines Four Seats, Turbine Power And Jet-Like Speed (WIRED)

By Jason Paur

[Wired](#), April 16, 2010

Flying the Remos GX to Florida was a lot of fun. And moving along at 130 mph while burning less than six gallons an hour is great - and affordable. But we're no strangers to looking up the ladder to other options available for travel, especially if they include a cruise speed of 385 mph.

Here at the Sun 'n Fun airshow this week, the massive nose on the Lancair Evolution is drawing stares as if it were some sort of monster. Turns out it is. The proboscis houses the secret to this little airplane's massive speed capabilities.

The four-place airplane is the latest design from Lancair of Bend, Oregon. The company has been producing beautifully designed airplanes for more than 25 years. The Evolution is the company's response to several owners who were adding turbine power to the company's first four seat design, the imaginatively named Lancair IV.

The Evolution was designed from the beginning to handle the Pratt & Whitney PT6-135A turbine motor. The turbine power means the Evolution can cruise at 385 miles per hour if you're in a hurry, or a still impressive 310 miles per hour if you're aiming for max endurance.

Fuel flows a little faster through the PT6 than the Remos' Rotax 912. At max cruise you can expect to burn just under 40 gallons per hour. The economy setting cuts the fuel flow nearly in half to a more reasonable 23 gallons per hour. It's not super fuel efficient, but it means the Evolution can carry four people at more than 300 miles per hour and roughly match the mileage of a big SUV.

Expect to pay more than \$700,000 for one by the time everything is accounted for. And that assumes you put in a lot of elbow grease. The Evolution is a kit plane and is assembled by the owner. Lancair says you can build one for yourself in as little as 1,000 hours.

If that seems like a lot of time and even more money, remember there aren't too many garage projects that can rival the Lancair.

Aviation Alt Fuel Hopes To Get The Lead Out (WIRED)

[Wired](#), April 16, 2010

Over the past year, there has been a lot of buzz in the aviation industry over the use of alternative fuels. While most of the attention has been focused on the big jets burning some kind of biofuels for the airlines or military, those flying the smaller airplanes are also looking into alternative fuels.

A small company in Indiana is leading the way for creating an alternative fuel for piston-powered airplanes around the world. Swift Enterprises has created a biomass-derived, synthetic fuel that has already been successfully tested in several aviation engines.

Most general-aviation aircraft piston engines run on a type of gasoline unique to small aircraft. The avgas is called 100LL, and the "LL" stands for "low lead." The name is the first clue to why alternative fuels are a hot topic for pilots. While lead was removed from auto gasoline decades ago, a small amount of the element has remained in the fuel supply for aviation piston engines.

100LL helps prevent detonation in aviation engines and the fuel also prevents vaporization at higher altitudes. "Vapor lock" as it is called could cause an engine to stop running, something pilots try to avoid.

Swift calls its fuel "100SF" and it contains no lead or ethanol. So far, it has shown to be a near straight switch for 100LL for most aviation engines. The fuel is derived from a variety of feedstocks, from sugar beets to sorghum so there's a range of suitable areas for production.

The group from Swift Enterprises is here at Sun 'n Fun all week and they've been flying demonstration flights using a twin engine, Piper Seminole (pictured above), one of the most popular training aircraft for pilots looking to work for the airlines. The aircraft choice is no accident. Swift is partnering with Embry-Riddle Aeronautical University in developing 100SF. The premier aviation university is looking to change its entire fleet to a greener alternative fuel source in the coming years.

So far, the fuel has proved promising in testing. In Federal Aviation Administration tests, a new engine was put through a simulation of the typical lifespan of the motor's "time between overhaul," as it's known in the aviation community. The engine performed well and was in better shape after the tests than most engines running on 100LL.

Swift claims the fuel provides an 8 to 15 percent increase in range based on the same volume of fuel over 100LL and produces fewer pollutants.

The company hopes to have the fuel certified by the Federal Aviation Administration within the next two years so it can be used in piston-powered aircraft. Swift will be building a pilot plant this fall and says 100SF should be at least cost competitive with existing fuels, and hopefully cheaper down the road . or airway.

Klobuchar, Colleagues Ready To Tackle Airline Tack-on Fees (MINNPOST)

By Derek Wallbank

MinnPost.com, April 16, 2010

WASHINGTON - Legislation backed by Sen. Amy Klobuchar that aims to reverse one airline's recently announced fee for carry-on bags may only be the first step in a broader congressional look at baggage charges and other airline tack-on fees.

Lawmakers this week noted that a loophole in the tax code actually encourages the nickel-and-diming of customers through airline fees.

Many airlines have adopted fuel surcharges and fees for the first and second checked bags, but the recent proposed legislation was prompted by Spirit Airlines' announcement that, beginning Aug. 1, they'll become the first major domestic carrier to charge for a carry-on bag.

Spirit's proposed carry-on fee would exempt one personal item (such as a purse or laptop bag) and would come with priority boarding privileges, so customers with those bags will have no trouble finding space for them.

The budget airline serves a few dozen destinations in the United States and Latin America, mostly via its hub in Fort Lauderdale, Fla. It doesn't fly out of Minneapolis-St. Paul or any other Minnesota airport - the closest airports it services are Chicago O'Hare and Detroit.

"Well, we don't like any of these fees," Klobuchar said, noting that 8th District Rep. Jim Oberstar has asked the Government Accountability Office to study all airline fees. Oberstar, who heads the House Transportation Committee, made the request last summer, and a GAO spokeswoman said that its report is on track for publication by the end of July.

That report is expected to cover a comprehensive listing (PDF) of baggage, fuel, ticket change, cancellation and other fees, as well as whether they're "commensurate with the cost of providing those services to passengers."

"It's a practice that's not allowing the consumer to get a real picture of what the price of their ticket is," said Oberstar spokesman John Schadl of the fees. Hearings will be scheduled, Schadl said, but it's too early to say what form any legislation may take.

"This is an issue [Oberstar] is moving ahead on, but is not sure what direction it will take until he sees the results of the GAO report," Schadl said.

Necessities at 35,000 feet

Key among the issues is a tax loophole that some lawmakers say actually encourages airlines to have baggage fees. As a memo contained in Klobuchar's announcement explains:

The senators' legislation would confront this proposed fee by designating carry-on baggage as a necessity for air travelers. Airlines currently pay a 7.5-cent tax to the federal government for every dollar they collect in fares, but no tax is imposed on fees collected for non-essential services. Last January, the Treasury Department issued a ruling that deemed carry-on bags as non-essential for air travel.

As a result, airlines can impose fees on these bags without paying any tax to the federal government on the revenues they collect. This creates a tax incentive for airlines to try to bilk consumers in the form of fees rather than by increasing the fares. The senators said Wednesday that if this tax loophole regarding carry-on bags did not exist, the airlines would likely not seek to charge travelers for this baggage.

Klobuchar's bill gets into the murky waters of just what is and is not a necessity on board an airline. Not too long ago, that included a hot meal, movie, a blanket, pillow, two checked bags and the option to light up a cigarette if you felt the urge.

Times have changed, and mainly in the direction of doing away with the freebies. Among the only things to be unsuccessfully charged for was when U.S. Air decided to charge for in-flight soft drinks, only to back off some months later after complaints from fliers and onboard staff.

And to be fair to Spirit, its CEO says the carry-on fee will actually lower fares for consumers, who argues that people without carry-on bags actually pay for their unused service on other airlines and would pay less if they didn't have to.

"We have all seen how carry-on baggage has gotten out of control. Longer security lines and boarding process, injuries due to overcrowded overhead bins, delayed flights and passenger frustration has become commonplace," Spirit CEO Ben Baldanza said in an open letter to customers posted on Spirit's website. His airline's most recent fee - or "latest innovation," as he dubbed it - is designed to "relieve the carry-on crisis, saving you time and money."

The statement was accompanied by a video message, shot while Baldanza himself was inside a Spirit overhead bin, that ended with the joke "Had we not implemented this, there's no telling what people would have tried to put in an overhead bin."

There's certainly some truth in that. Speaking just from first-hand experiences on Delta, American, United, US Air and Continental since checked bag fees became commonplace, I've seen people trying to jam more and more overstuffed bags that easily should have (and otherwise might have) been checked.

Airline practices and policies usually encourage that behavior, because if you try to carry something on and fail, the airline will almost always check it at the gate for free.

Headlines: Airlines May Be Taxed For Bag Fees (FREEP)

[Detroit Free Press](#), April 16, 2010

Compiled from reports by Free Press staff and news services

AVIATION: Airlines may be taxed for bag fees

Six Democratic senators want to hit U.S. airlines with a tax if they charge passengers for their carry-on bags.

The senators said Wednesday that this would keep more airlines from following Spirit Airlines' lead. The small Florida airline said last week that starting Aug. 1 it will charge its customers as much as \$45 to bring a bag aboard its aircraft and put it in an overhead bin.

Air travelers have been forced to pay fees for once-free amenities since 2008, for everything from checked bags to pillows to food. That has not stopped them from flying, but critics say charging for carry-ons is stepping over the line.

The senators -- Jeanne Shaheen of New Hampshire, Charles Schumer of New York, Ben Cardin of Maryland, Amy Klobuchar of Minnesota and Robert Menendez and Frank Lautenberg of New Jersey -- want a law that would designate carry-on baggage as a necessity for air travelers.

American Airlines, unions told to keep talking

Federal officials dealt labor unions at American Airlines a setback by refusing to start a 30-day countdown toward possible strikes.

The National Mediation Board told the company and two unions Wednesday that they should continue to bargain over new contracts while the board considers the unions' requests to declare a stalemate in negotiations.

DEVELOPMENT: Kresge gives TechTown \$800,000 grant

The Kresge Foundation has awarded an \$800,000 grant to TechTown, the business incubator at Wayne State University.

The money is to be used to renovate the former Dalglish Cadillac building on Cass Avenue, which TechTown recently acquired. That building, now called TechTwo, will provide more office space for local start-ups.

Simon ready to settle for slice of biggest rival

Shopping mall owner Simon Property Group is willing to settle for a slice of its biggest rival, just two months after it had a buyout offer rejected as too low.

Simon, the nation's largest mall operator, on Wednesday offered to help finance General Growth Properties' exit from bankruptcy in exchange for a quarter stake in the No. 2 mall owner.

COMPENSATION: UnitedHealth profit up 28%; CEO's pay to double

UnitedHealth Group overcame a sluggish economy to manage 28% profit growth last year and rewarded CEO Stephen J. Hemsley by more than doubling his total compensation.

Hemsley, 57, received 2009 compensation valued at \$8.9 million from the Minnetonka, Minn., managed-care company, according to an Associated Press analysis of data filed with regulators Wednesday.

CASINOS: Vegas project cited in MGM's \$96.7M 1Q loss

Casino and hotel operator MGM Mirage's preliminary estimates show it lost \$96.7 million during the first quarter, partly because of a drop in the value of its massive CityCenter development on the Las Vegas Strip, the company said Wednesday.

MGM Mirage reported Wednesday that it lost about 22 cents per share in the first quarter, compared with a profit of 38 cents per share, \$105.2 million, a year earlier.

REGULATION: Officials seek to limit fees to buy, sell options

Federal regulators proposed a new limit Wednesday on the fees that exchanges can charge investors for options to buy or sell stocks, and new rules that would require exchanges to provide wider access to options prices.

Options -- contracts to buy or sell stocks at a specified price and time -- are a form of insurance for investors against fluctuating stock prices.

On To Mars: Obama Declares, 'I Expect To See It' (AP)

By Seth Borenstein And Erica Werner, Associated Press Writers

[Associated Press](#), April 16, 2010

CAPE CANAVERAL, Fla. - President Barack Obama boldly predicted Thursday his new plans for space exploration would lead American astronauts on historic, almost fantastic journeys to an asteroid and then to Mars - and in his lifetime - relying on rockets and propulsion still to be imagined and built.

"I expect to be around to see it," he said of pioneering U.S. trips starting with a landing on an asteroid - a colossal feat in itself - before the long-dreamed-of expedition to Mars. He spoke near the historic Kennedy Space Center launch pads that sent the first men to the moon, a blunt rejoinder to critics, including several former astronauts, who contend his planned changes will instead deal a staggering blow to the nation's manned space program.

"We want to leap into the future," not continue on the same path as before, Obama said as he sought to reassure NASA workers that America's space adventures would soar on despite the impending termination of space shuttle flights.

His prediction was reminiscent of President John F. Kennedy's declaration in 1961, "I believe that this nation should commit itself to achieving the goal, before this decade is out, of landing a man on the Moon and returning him safely to Earth." That goal was fulfilled in 1969.

Obama did not predict a Mars landing soon. But he said that by 2025, the nation would have a new spacecraft "designed for long journeys to allow us to begin the first-ever crewed missions beyond the moon into deep space."

"We'll start by sending astronauts to an asteroid for the first time in history," he said. "By the mid-2030s, I believe we can send humans to orbit Mars and return them safely to Earth. And a landing on Mars will follow. And I expect to be around to see it."

The biggest criticisms of Obama's plans have been that they have lacked details and goals. Thursday's speech was an attempt to answer, especially since an asteroid is the next step away from Earth's reach.

Asteroids zip by Earth fairly often and have occasionally smacked the planet with disastrous results. For example, asteroids have been blamed for the extinction of the dinosaurs.

Landing on an asteroid would give scientists a better idea of how to handle a future killer asteroid that could wipe out much of life on Earth. Also, it would be a feat sure to win great attention - and there is far less gravity than the moon, meaning it would be easier and cheaper to leave.

"I think he said all the right things" in declaring a commitment to space exploration, said George Washington University space scholar John Logsdon, who has served on several NASA advisory boards. "I don't know what more you could have asked for."

But several Republicans, including Sen. David Vitter of Louisiana and Rep. Rob Bishop of Utah, assailed Obama's plan and speech, calling his plans "job-killing."

"The president's new plans for NASA are flat-out irresponsible," Vitter said. "He has evidently decided ... that it's time for us to simply walk away from manned space exploration for the foreseeable future, with no clear timeline for returning or for achieving any of our goals for deep space exploration."

Obama said he was "100 percent committed to the mission of NASA and its future." He outlined plans for federal spending to bring more private companies into space exploration following the soon-to-end space shuttle program.

He acknowledged criticism for his drastic changes to the space agency's direction. But, he said, "The bottom line is: Nobody is more committed to manned space flight, the human exploration of space, than I am. But we've got to do it in a smart way; we can't keep doing the same old things as before."

Obama said the space program is not a luxury but a necessity for the United States.

He noted that the Kennedy Space Center has inspired the nation and the world for half a century. He said NASA represents what it means to be American - "reaching for new heights and reaching for what's possible" - and is not close to its final days.

Obama sought to explain why he aborted President George W. Bush's return-to-the moon plan in favor of a complicated system of public-and-private flights that would go elsewhere in space, with details still to be worked out.

"We've been there before," Obama said of the nation's moon landings decades ago. "There's a lot more of space to explore."

He said his administration would support continued manned exploration of space "not just with dollars, but with clear aims and a larger purpose."

The Obama space plan relies on private companies to fly to the space station, giving them almost \$6 billion to build their own rockets and ships. It also extends the space station's life by five years and puts billions into research to eventually develop new government rocket ships for future missions to a nearby asteroid, to the moon, to Martian moons or other points in space. Those stops would be stepping stones on an eventual mission to Mars itself.

Addressing concerns of job losses to space program workers, particularly in Florida, Obama said that "despite some reports to the contrary," his plan would add more than 2,500 jobs to the Cape Canaveral region over the next two years than would the plan worked out by his predecessor.

"We'll modernize the Kennedy Space Center, creating jobs as we upgrade launch facilities. And there is potential for even more job creation as companies in Florida and across America compete to be part of a new space transportation industry.

"This holds the promise of generating more than 10,000 jobs nationwide over the next few years. Many of these jobs will be created in Florida, an area primed to lead in this competition," he said.

Among his most vocal critics has been Neil Armstrong, the first man to walk on the moon. Obama did not mention Armstrong, who did not attend the speech, but he did praise Buzz Aldrin, one of Armstrong's Apollo 11 crewmates.

Aldrin did attend the speech - flying in with Obama on Air Force One.

Obama also said his administration would rescue a small part of the moon program: its Orion crew capsule.

But instead of taking four astronauts to the moon, the not-yet-built Orion will be slimmed down and used as an emergency escape pod for the space station.

Obama spoke in the vast launch complex's Operations and Checkout building - the place where Orion is scheduled to be eventually prepared for launch.

The president said, "This Orion effort will be part of the technological foundation for advanced spacecraft to be used in future deep space missions. In fact, Orion will be readied for flight right here in this room."

White House science adviser John Holdren summed up Obama's program as "a faster pace in space, more missions to more destinations sooner at lower cost."

President Eyes Mars, Not Moon (USAT)

By Bart Jansen

[USA Today](#), April 16, 2010

CAPE CANAVERAL - President Obama took on critics of his space exploration plans Thursday, vowing that his proposals will allow the nation to "reach space faster and more often."

The president said his space program would allow astronauts to visit an asteroid by 2025 for the first time and then orbit Mars by the mid-2030s.

"A landing on Mars will follow," Obama said in a speech at NASA's Kennedy Space Center, "and I expect to live to see it."

"Nobody is more committed to manned spaceflight, to human exploration of space, than I am," he said. "But we've got to do it in a smart way."

Obama's plans to end the Constellation program, aimed at returning astronauts to the moon, have angered NASA's supporters in Congress and others, including former Apollo astronauts such as Jim Lovell, who said the president's vision would end the nation's leadership role in space exploration.

The president's proposals could affect thousands of NASA workers who are likely to be out of work when the space shuttle soon retires.

Some experts agree with Obama that it's more important to pave the way for deeper space exploration than to continue along the shuttle's well-worn path. Obama's plan "is about exploration, not transportation, a very big change for NASA," said Louis Friedman of the Planetary Society.

Sen. Bill Nelson, D-Fla., said Obama's speech should put to rest the perception that the president wants to kill the nation's manned space program.

"You can clearly hear from today he is committed," said Nelson, who flew on the space shuttle as a member of Congress.

Obama said focusing on a manned moon mission would be misguided. "We've been there before," he said. "There's a lot more of space to explore and a lot more to learn when we do."

Scientists are interested in studying asteroids orbiting the sun because they could wipe out humanity if they collide with Earth. NASA's Rob Landis told USA TODAY last year that it would take 90 to 180 days to complete a round trip to an asteroid. By comparison, a round trip to the moon takes about six days, while going to Mars and back would take one year.

Instead of returning to the moon, Obama wants to focus on research at the International Space Station and on helping private industry build commercial rockets to ferry people to the space station. The Commercial Spaceflight Federation issued a statement Thursday supporting the president's plan.

Sen. Richard Shelby of Alabama, the top Republican on the panel that decides NASA's budget, said the president's plan for NASA offers "no hope for a bright future in human space exploration."

"We need to move forward with a real plan that is based on defined requirements, proven technologies and achievable goals," Shelby said in a statement. "The president's new alternative fails to meet any of these."

Under Obama's plan, a decision would be made in 2015 on the specific heavy-lift rocket that would take astronauts deep into space.

The president's initiatives, along with a multibillion-dollar investment in the development of "game-changing" technologies, would put NASA and the nation on course for human expeditions throughout the inner solar system sooner than previously planned, a White House fact sheet said.

NASA Plan Fails To Appease Critics (WSJ)

By Andy Pasztor

[Wall Street Journal](#), April 16, 2010

President Barack Obama on Thursday stuck to his controversial plan to outsource core parts of NASA's mission to private industry, telling a growing chorus of critics it will help "ensure our leadership in space is even stronger in this century than it was in the past."

In the first major space policy address of his presidency, Mr. Obama sought to lay out a personal and compelling vision for manned exploration, while also responding to widespread opposition to his plans from lawmakers, parts of the aerospace industry and former astronauts.

For the first time, Mr. Obama sketched out what he envisions as a reasonable timetable for deep space exploration. Roughly 25 years from now, he said, the U.S. should be able to send a manned spacecraft to orbit Mars, followed by a landing on the planet's surface. "I expect to be around to see it," he told the audience of industry, government and local officials.

There was still no indication that the president's drive to save his spending package for the National Aeronautics and Space Administration succeeding in convincing skeptical lawmakers.

Mr. Obama reiterated his reasons for proposing to cancel most of NASA's current manned exploration programs and replace them with some private rocket ships. He emphasized that this approach would free up NASA to focus on longer-term research efforts intended to find breakthroughs in propulsion and other technologies that would send more astronauts to the moon and eventually, to Mars.

Calling himself "100% committed to the mission of NASA and its future," Mr. Obama said the agency's proposed new direction would help astronauts "reach space faster and more often" than the plans he inherited.

In days leading up to the visit, the White House was scrambling to forge a political compromise that would win support from lawmakers while salvaging the bulk of Mr. Obama's plan.

On Tuesday, White House science adviser John Holdren told Lockheed Martin Corp. that NASA had decided against killing the Orion space capsule project, which the company has been developing. Instead, the agency wants to use a revised version of the capsule as an emergency escape system for U.S. astronauts on the international space station. The concession would save thousands of jobs primarily in Florida and Colorado. But it appears to have done little to drum up more political support.

"The president's plan wastes billions of dollars and years of valuable time," said Republican Sen. Orrin Hatch of Utah, adding that it "reeks of politics, not common sense."

Rep. Frank Wolf of Virginia, the ranking Republican on the House appropriations panel responsible for NASA, called it "a rehash of the administration's initial proposal."

Some industry and Capitol Hill critics also said the move was wasteful because NASA could purchase a crew-escape system from Russia at a small fraction of the billions of dollars it would spend fashioning its own system.

Speaking in the historic building that housed the Apollo astronauts decades ago, Mr. Obama's speech stressed the symbolism of the current debate. He said that human exploration of space "is not a luxury, not an afterthought," but "it is an essential part" of the American character.

Mr. Obama has yet to articulate how he plans to tackle another one of the administration's states goals in space policy: coordinating NASA's programs with those run by the Pentagon and intelligence agencies.

White House officials initially had hoped to lay out such a government-wide space strategy before deciding on NASA's particular budget, but those studies have been delayed and aren't expected to be completed for many months.

The basic assumption behind Mr. Obama's plan is that once NASA outsources to private industry the job of shuttling U.S. crews back and forth to the international space station, it will be in a better position to pursue breakthrough technologies. The president, for example, is looking for "game-changing" rocket systems able to launch astronauts on months-long journeys deep into the solar system. But many rocket scientists believe such predictions may turn out to be largely wishful thinking, and NASA administrator Charles Bolden also is skeptical.

In a February interview, a day after the White House budget package was released, Mr. Bolden said that "today and for the foreseeable future, we may be about as far along technologically as we can go" in developing first-stage of boosters able to lift astronauts off the earth. After a space vehicle gains enough velocity to reach orbit, however, "we know that there are game changing things that we can do" to speed up its trajectory, Mr. Bolden said.

Write to Andy Pasztor at andy.pasztor@wsj.com

Obama Vows Renewed Space Program (NYT)

By Kenneth Chang

[New York Times](#), April 16, 2010

KENNEDY SPACE CENTER, Fla. - Pointing to Mars and asteroids as destinations, President Obama on Thursday forcefully countered criticisms that he was trying to end the nation's human spaceflight program.

This was the first time that the president had lent his personal political capital in an increasingly testy fight over the future of the National Aeronautics and Space Administration.

"The bottom line is, nobody is more committed to manned spaceflight, to human exploration of space than I am," he said in a speech to about 200 attendees of a White House-sponsored space conference here.

But he was unwavering in insisting that NASA must change in sending people into space. "We've got to do it in a smart way," Mr. Obama said, "and we can't just keep on doing the same old things we've been doing and thinking that's going to get us where we want to go."

Instead of earlier vague assurances by Charles F. Bolden Jr., the NASA administrator, and other administration officials that NASA would eventually venture beyond Earth orbit, Mr. Obama gave dates and destinations for astronauts. But the goals would be achieved long after he leaves office: a visit to an asteroid after 2025, reaching Mars by the mid-2030s.

"Step by step, we will push the boundaries not only of where we can go but what we can do," Mr. Obama said. "In short, 50 years after the creation of NASA, our goal is no longer just a destination to reach. Our goal is the capacity for people to work and learn, operate and live safely beyond the Earth for extended periods of time."

Mr. Obama noted that President John F. Kennedy challenged Americans to land on the Moon in 1961 - the year the current president was born. But the plan Mr. Obama laid out for now through the 2030s was unlike the Kennedy vision: It was a call for private industry to innovate its way to Mars, rather than a call for a national effort to demonstrate American predominance.

Mr. Obama's budget request to Congress in February proposed a major shift for NASA: canceling the Constellation program, started five years ago to send astronauts back to the Moon, and turning to private companies for carrying astronauts to the International Space Station.

Strikingly, Mr. Obama used the speech to blame his predecessors for lacking leadership on space policy and the critics of his own plan for failing to recognize that times have changed. NASA's budgets, he noted, have "risen and fallen with the political winds." That appeared to be a shot at President George W. Bush, who announced a new plan for NASA after the Columbia disaster and barely mentioned space policy again for the rest of his presidency. And he argued that turning to private entrepreneurs would result in more space flights and more astronauts in orbit than the space plan he inherited.

Some members of Congress, particularly those in states that are home to NASA centers working on Constellation, have objected to the change, and the speech did not sway those who have been most vociferously opposed.

"There's no concrete plan, no deadlines to make it happen," said Representative Pete Olson, Republican of Texas, whose district includes the Johnson Space Center. "It didn't change my opinion at all."

Mr. Obama's speech contained few surprises as White House officials previewed it to reporters two days ago.

Among the small concessions to critics, Mr. Obama is now proposing to revive the Constellation's Orion crew capsule as a stripped-down version to use as a lifeboat for the space station.

"This Orion effort will be part of the technological foundation for advanced spacecraft to be used in future deep space missions," Mr. Obama said.

Mr. Obama promised \$40 million to help retrain workers in and around the Kennedy Space Center who will lose their jobs when the space shuttles are retired. He also stated that NASA would start developing a heavy-lift rocket by 2015, a promise that presumes the president's re-election in 2012.

The tweaks appear to reflect political calculations. Florida and its 27 electoral votes are a likely key battleground in the next presidential election. On board Air Force One with the president on the flight to the Kennedy Space Center were two Democratic members of Congress from Florida: Senator Bill Nelson and Representative Suzanne M. Kosmas, whose district includes the Kennedy Space Center.

Representative Sheila Jackson Lee, a Democrat who represents parts of Houston close to the Johnson Space Center, was one of the attendees. Mr. Olson, a Republican, did not receive an invitation to the conference.

Whether appeals for loyalty from Democrats would succeed in gaining Congressional support is unclear. NASA has traditionally received strong support from both political parties, and the opposition to Mr. Obama's plans has also been bipartisan.

Ms. Kosmas, for example, is a co-sponsor of a bill to extend operations of the space shuttles, and Mr. Nelson has pushed for continued work on Constellation rockets as precursors to a heavy-lift rocket.

"I'm encouraged," Mr. Nelson said, although he said he would continue pushing to continue development of the Constellation rockets.

Reviving Orion could mollify Lockheed Martin executives upset over the proposed cancellation. The Orion work is done largely at the Johnson Space Center and at Lockheed Martin facilities in Boulder, Colo.

While using Orion as a space station lifeboat may be politically savvy, some space experts, particularly those associated with the Constellation program, said the economic and technical rationale for the decision eluded them. It would take about \$8 billion to finish the development of the current incarnation of Orion; a simpler version would most likely still cost several billion dollars.

"In the end, this seems like an expensive proposition that makes simply continuing to use the Russians for crew rescue look like a bargain," Michael D. Griffin, the former NASA administrator who oversaw the creation of Constellation, wrote in an e-mail message.

Elon Musk, the chief executive of the Space Exploration Technologies Corporation, or SpaceX, cheered the president's speech and policy. He said the Dragon capsule that his company is developing could also serve as a lifeboat, and its design would also allow six-month stays at the station.

David E. Sanger contributed reporting.

At Space Center, Obama Defends Changes In Space Program (WP)

By Marc Kaufman And Scott Wilson, Washington Post Staff Writer

[Washington Post](#), April 16, 2010

CAPE CANAVERAL, FLA. -- President Obama told an enthusiastic crowd at the Kennedy Space Center Thursday that NASA should aim to send astronauts to explore asteroids beyond the moon by 2025 and visit Mars in the next decade.

Responding to congressional and agency critics who say changes he had proposed in his February budget would kill the human space program, the president said he is "100 percent committed to the mission of NASA and its future."

He said that the Constellation space program proposed and initiated by the Bush administration was substantially over budget and behind schedule, and was not going to provide a sustainable path to deep space.

Speaking at NASA's Operations and Checkout Building, Obama said the agency could not proceed in the "same old way." He said it needs to bring along commercial space entrepreneurs to handle transport missions to the international space station so the agency would be freed up to think and reach much farther. The ultimate goal is to land astronauts on Mars, he said, and "I expect to be around to see it."

Obama's NASA plans represent some of the most significant changes in the agency's history. But they have not been well received in Congress, or among some former astronauts, including iconic Apollo-era figures including Neil Armstrong and Jim Lovell. They released a letter this week calling the scrapping of Constellation "devastating."

The administration is hoping the Kennedy Space Center visit will begin to change the dynamic, and there were early signs Thursday that it is possible. Sen. Bill Nelson (D-Fla.), for instance, toned down previous criticisms and said Obama is moving in the right direction. Nelson is chairman of the Senate Commerce, Science, and Transportation subcommittee overseeing NASA.

And former astronaut Sally Ride, the first American woman in space and a member of the blue-ribbon Augustine Commission, which cast doubt on the prospects for success under the Constellation program, was one of several recent astronauts to weigh in on the president's side.

She called the plan "a bold strategic shift that will enable NASA to return to its roots: developing innovative technologies aimed at enabling human exploration and tackling the truly challenging aspects of human spaceflight -- venturing beyond Earth orbit, beyond the Earth-Moon system, and into the solar system."

In his speech, Obama said that although his administration put a freeze on almost all discretionary spending, it has budgeted \$6 billion extra for NASA over five years.

The president said that although the administration is jettisoning much of Constellation, which has cost \$9 billion already, he wants to keep work going on a slimmed-down version of the Orion spacecraft. The capsule will be launched without a crew to the space station on a commercial rocket used by the military, then tethered there as an escape vehicle.

"There are also those who have criticized our decision to end parts of Constellation as one that will hinder space exploration beyond low Earth orbit," the president said. "But by investing in groundbreaking research and innovative companies, we have the potential to rapidly transform our capabilities -- even as we build on the important work already completed, through projects like Orion, for future missions. And unlike the previous program, we are setting a course with specific and achievable milestones."

Obama's speech, which was interrupted 15 times by applause, represented his first detailed public comments about the future of NASA since the agency's 2011 budget was released to controversy and opposition. A White House update of plans for NASA released on Tuesday made some concessions to critics, but they were not uniformly well received.

Sen. Richard C. Shelby (R-Ala.) said in a statement: "This new plan does not represent an advancement in policy or an improvement upon the Constellation program, but a continued abdication of America's leadership in space."

Shelby is from one of several Gulf Coast states that will lose jobs tied to the space program under Obama's plan. Overall, the NASA budget is to increase by \$1 billion annually over the next five years under the 2011 budget proposal, but more of the agency's funds would be distributed to science, aeronautics and commercial entrepreneurs than under President George W. Bush.

Sen. Orrin G. Hatch (R-Utah), whose state also stands to lose work with the canceling of Constellation, said after the speech: "I would say the administration's plan is laughable, but I can't find much humor in it when the consequences to space exploration and American workers during tough economic times are so dire."

But reflecting the mood of the day from the administration, White House deputy press secretary Bill Burton said: "The president believes good policy is good politics."

The president focused Thursday on plans to design and develop different kinds of "heavy lift" rockets that can take astronauts out of low Earth orbit and into deep space. He wants Congress to approve plans to spend more than \$3.1 billion in the next five years on the project, and said NASA would select and begin to build the selected model in 2015.

One potential major beneficiary of the administration's turn to the commercial space industry to resupply and perhaps ferry crew members to and from the space station is Elon Musk, president and founder of SpaceX. The company's Falcon 9 is being prepared for a spring test launch from Cape Canaveral, and Obama visited the rocket at Launch Complex 40.

"I believe this address could be as important as President Kennedy's 1962 speech at Rice University," Musk said Thursday. "For the first time since Apollo, our country will have a plan for space exploration that inspires and excites all who look to the stars. Even more important, it will work."

Obama Looks To Deeper Space As NASA's Mission (LAT)

A refocused plan taps the private industry to build rockets for a possible Mars mission.

By Ralph Vartabedian And W.j. Hennigan

[Los Angeles Times](#), April 16, 2010

At the launch center where the U.S. had dominated space travel over the last half-century, President Obama on Thursday laid out a new vision for the nation's space ambitions, focusing on future deep-space missions rather than a return trip to the moon.

The proposal differs significantly from the austere agenda that Obama laid out in January when he terminated the moon program. Critics then attacked his decision as a historic withdrawal of U.S. ambitions in space travel just as China and other developing nations are gearing up to retrace U.S. steps on the moon.

Obama's latest blueprint includes a \$3-billion research effort for a new heavy-lift rocket that could carry astronauts to asteroids, Mars or other possible deep-space destinations, as well as a new reliance on private companies to transport astronauts to the International Space Station in low Earth orbit.

"I am 100% committed to the mission of NASA and its future," Obama said, speaking at the Kennedy Space Center in Cape Canaveral, Fla., as he sought to reassure a conference of top NASA officials, lawmakers and scientists who were discussing an agenda for the U.S. space program.

"Space exploration is not a luxury, not an afterthought in America's brighter future," Obama said. "It is an essential part of that quest."

The new reliance on private space companies, coupled with a government program to develop a heavy-launch vehicle, could play to the strengths of the California aerospace industry. Indeed, after his speech, Obama toured a commercial launch center set up by Hawthorne-based Space Exploration Technologies Corp., or SpaceX.

But even with the expanded program, the U.S. will end human spaceflight for many years when the last space shuttle launches this year and the fleet is retired after three decades. Then, NASA will be dependent entirely on Russian launch vehicles to reach the International Space Station.

Under the George W. Bush administration, NASA was developing the Constellation family of rockets and an Orion space capsule that could carry a crew of astronauts to the moon or other destinations.

After spending \$9 billion, the program was far behind schedule and over budget. An exhaustive examination of the program last year concluded that its ambitions vastly exceeded its future budget.

Obama decided to kill the Constellation earlier this year, and on Tuesday bluntly panned the whole idea of a moon return program. "We have been there before," he said.

The cancellation of the Constellation and the end of the space shuttle program have threatened thousands of jobs, prompting a political backlash in Florida and Texas, which benefit from human spaceflight programs.

Even though the initial Obama plan included a budget increase of \$6 billion over the next five years, objections arose from former astronauts, politicians, the aerospace industry and the nation's legions of space cadets.

In response to that backlash, Obama revived the Orion space capsule program but downsized it to operate only as a crew-rescue vehicle for the space station. He announced a \$40-million initiative for regional economic growth in Florida.

Obama asserted that the new reliance on private industry would create 10,000 jobs in a new space-transport industry, a prospect that won plaudits from entrepreneurs but drew skepticism from longtime NASA analysts.

"It creates huge opportunities for commercial space companies," said Elon Musk, the Internet tycoon who founded SpaceX. "It is the only path that has a chance of success. It has the potential of making space a mainstream thing. Absolutely, it is the opposite of a retrenchment. It is a revolution."

John Pike, director of GlobalSecurity.org, said the new plan represented a sharp change in that it provided space enthusiasts with the hope of future deep-space missions and continued business opportunities for the mainstream aerospace industry.

But he said the elevated rhetoric promising the creation of a new private industry was embarking on a risky plan that would rely on inexperienced companies.

"There is a reason they call it rocket science," Pike said. "It is the most hazardous effort in human history."

Michael D. Griffin, former NASA chief and the architect of the Constellation program, panned Obama's speech, saying that the day for a commercial space industry hasn't arrived and that the president failed to lay out specific goals or deadlines for NASA.

"The president has made a decision to bet the future of human spaceflight, which has been the crown jewel of this country for 50 years, on a flailing industry," Griffin said. "The commercial business is in its infancy stages; there is no sign that they will be able to take on this responsibility so soon."

But other analysts had an optimistic view that the program could spur economic development.

The Tauri Group, a consulting firm in Alexandria, Va., released a study last week that said almost 12,000 jobs would be created over the next five years through Obama's plan. California could benefit because of its entrenched aerospace industry and a long tradition of engineering know-how, said Carissa Bryce Christensen, managing partner at Tauri.

"California has a deep vein of resources at its disposal," she said.

Brett Alexander, president of the trade group Commercial Spaceflight Federation, said NASA's new role would be exploring deep space, while private industry can take over some of the more routine missions, such as taxiing astronauts back-and-forth from the International Space Station.

"The president laid out a visionary plan for space exploration that gets NASA back to developing the technologies and systems for exploration while turning routine transport of astronauts and cargo to low Earth orbit over to the private sector," Alexander said. "This will lead to more jobs, more flights, and more value for the American taxpayer."

Jeff Greason, president of XCOR Aerospace Inc., a Mojave-based producer of reusable launch vehicles, rocket engines and rocket propulsion systems, applauded the president's plan, saying it refocuses NASA's mission on developing new technology.

"It's a role that NASA has neglected for a long time," he said. "If they follow up on the president's plan, we have the promise of real results. But at this point that's a big 'if.' "

ralph.vartabedian@latimes.com

william.hennigan@latimes.com

Mark K. Matthews and Robert Block of the Orlando Sentinel contributed to this report.

Obama Unveils NASA 'vision' In Kennedy Space Center Speech (ORS)

By Mark K. Matthews And Robert Block

[Orlando Sentinel](#), April 16, 2010

KENNEDY SPACE CENTER - A defiant President Barack Obama, standing Thursday aside a mock-up of the capsule that he hopes will one day carry astronauts to deep space, rejected criticism that his administration was scrapping America's human spaceflight program and outlined a vision that would have astronauts flying to asteroids beyond the moon in a little over a decade and circling Mars by the mid-2030s.

"I am 100 percent committed to the future of NASA," he told the 200 people gathered at Kennedy Space Center, a blunt statement intended to counter critics - including former astronauts - who have said his plans for NASA would abandon the agency's heritage.

The speech sets the stage for a showdown with critics in Congress who have opposed Obama's plans to cancel NASA's Constellation moon-rocket program and replace it with a "transformative" plan focused on developing new technologies that Obama said would ensure America's leadership in space for decades to come.

"The bottom line is that no one is more committed . to human spaceflight than I am," the president told a group that included NASA Administrator Charlie Bolden, Florida politicians, aerospace industry executives and Apollo astronaut Buzz Aldrin.

"But," he said as applause swelled, "we've got to do it different."

A replay of these words would later echo through KSC on the same speakers that NASA operators use to count down launches.

Obama's speech was applauded by commercial rocket executives and even some of his congressional critics. U.S. Rep. Suzanne Kosmas, D-New Smyrna Beach, who flew with Obama aboard Air Force One, called his plan "steps in the right direction" - citing Obama's decision to spend \$1.9 billion upgrading KSC and also to put the center in charge of NASA's commercial rocket operation.

But Kosmas, along with U.S. Rep. Bill Posey, R-Rockledge, continued to call for an extension of the space shuttle to preserve some of the 9,000 KSC jobs that will be lost when the shuttle is retired, as planned, after three more launches. Obama, however, made no reference to extending the shuttle, which would cost more than \$2 billion a year.

And U.S. Rep. Rob Bishop, R-Utah, who represents the district where the first stage of Constellation's Ares I rocket was being manufactured by rocket maker ATK, lashed out at the president. "President Kennedy opened the door to the new frontier, but Obama has slammed it shut and thrown away the key," Bishop said.

In his 26-minute speech, Obama laid out the reasons why he was cancelling Constellation, which has cost \$9 billion but was "behind schedule and over budget." He said he would retain only the program's Orion capsule.

Gesturing toward a model of the roughly 15-foot capsule in the five-story room, Obama noted that the capsule "will be readied for flight right here in this room," referring to plans made under the Constellation program. In previous decades, the Operations and Checkout Building had been used to inspect Apollo lunar modules when they arrived at KSC.

Orion, he said, would form the basis for a new spacecraft that would fly on top of a new rocket capable of reaching deep space. He said he'd given NASA a deadline of 2015 to design the rocket.

Obama said his budget would add \$6 billion to NASA's funding over five years, including extra money for satellites to monitor the Earth's climate, a new space telescope, deep-space robotic probes and extending the life of the space station to 2020. And he said that manned capsules will be circling Mars by the mid-2030s, with landing soon after.

"I expect to be around to see it," he said.

There are already reports from Capitol Hill that some lawmakers - especially those from Colorado, where Orion is being designed - are pleased by the president's adjusted space plans. But other politicians, especially from Florida, remain concerned about massive job losses at KSC after the shuttle is retired.

Obama said that his program would create 2,500 more jobs than Constellation would have - though that number was never clear. He also would spend \$1.9 billion over five years to modernize the aging spaceport - and has given a federal agency task force an Aug. 15 deadline to set up a \$40 million job transition plan for KSC workers.

But Posey remained unimpressed. "With regard to the prospective jobs for the Space Coast that are presented by NASA in the documents released this week, I wouldn't feel comfortable taking those job numbers to the bank," Posey said.

Before his speech, Obama toured the nearby launch facility of the California-based SpaceX company. SpaceX expects to test its Falcon 9 rocket - capable of carrying cargo to the International Space Station - in the coming weeks.

Its founder, internet tycoon Elon Musk, has pushed Washington to have NASA rely more on commercial rockets - a centerpiece of Obama's plan.

Obama would have NASA use commercial rocket companies to resupply the International Space Station with crew and cargo. The rockets could include existing Delta IV and Atlas V rockets as well as new spacecraft being designed and built by SpaceX and Orbital Sciences Corp.

Obama left KSC for a South Florida fundraiser as NASA officials, aerospace executives and other space experts talked about how to implement his plan.

Afterward, NASA chief Bolden choked up as he discussed putting the new plan into place. "We do risky stuff," he said. "And that's not just life and death risk. We're going to do economically risky stuff too."

Mark K. Matthews can be reached at mmatthews@orlandosentinel.com or 202-824-8222. Robert Block can be reached at rblock@orlandosentinel.com or 321-639-0522.

WANT TO KNOW MORE?

KSC's \$2B at stake as critics want details on Obama's vision

KSC to get \$7.8B, but number of jobs stays hazy

Politicians frantic to create jobs

Uncertain Launch For Obama's Space Mission (WT)

By Sandra Frederick

[Washington Times](#), April 16, 2010

CAPE CANAVERAL, Fla. | To be evolutionary or revolutionary - that is the question facing the nation's unsettled space program.

President Obama faced a crowd of 200-plus people at Kennedy Space Center Thursday, touting his revision for the next phase of the space program with emphasis on creating new space technologies and jobs while increasing the involvement of commercial industries. Under fire from some storied figures of the U.S. space program, Mr. Obama stressed that it is time to write a new chapter in NASA's history book.

"I am 100 percent committed to the mission of NASA and its future," he said, standing in front of the mock-up of the proposed new Orion space capsule. "The shuttle is at the stage of retiring after years of service."

Pledging \$6 billion to his revamped vision of the U.S. space program, which relies heavily on private-sector contributions, Mr. Obama acknowledged the world has changed since President Kennedy committed the nation in 1961 to reaching the moon in a decade.

"We are no longer racing against the Russians," Mr. Obama said. "Today [getting to space] is a global collaboration."

With the phasing out of the shuttle program in early 2011, 7,000 to 9,000 people across the nation could be out of work. However, by keeping the Orion capsule going - with plans to use it as a ferry or lifeboat to the International Space Station - Mr. Obama argued that as many as 2,500 jobs could come back to Florida by 2012 and upward of 10,000 nationwide over the next few years.

However, critics argue that NASA should have stayed on its evolutionary path of building the Constellation program from the ashes of the shuttle era, as suggested by former President George W. Bush, with the idea of reviving manned missions to the moon and eventually to Mars. NASA already has spent \$19 billion over six years on the troubled effort, only to have the program scrubbed by the new administration.

Mr. Obama insisted Thursday that his blueprint will free up the space agency to focus on development of new exploration technologies. He announced during his speech that the first destination beyond the space station is an asteroid, with a goal of traveling on to Mars,

"We'll start by sending astronauts to an asteroid for the first time in history," he said. "By the mid-2030s, I believe we can send humans to orbit Mars and return them safely to Earth. And a landing on Mars will follow - and I expect to be around to see it."

The administration plan depends heavily on commercial companies to ferry astronauts to the space station for the time being. Another alternative is to rely on the Russian space program for launch services, with a round-trip ticket costing between \$70 million and \$100 million per trip.

In January, NASA's Aerospace Safety Advisory Panel concluded that no private launch firm was certified for carrying humans into space, nor is there a mechanism far enough along in development to earn such a certification. One private initiative, SpaceX, saw its early prototypes fail three times before its Falcon 1 rocket orbited the Earth in 2008. In 2007, three employees of Scaled Composites were killed in an explosion while testing a nitrous oxide delivery system,

"We are 40 years beyond the first landing of humans on the moon, and yet we are still far from the capability to conduct long-duration missions outside low Earth orbit, let alone being able to consider sending humans to Mars," NASA Administrator Charles Bolden told attendees at the annual National Space Symposium on Tuesday.

Mr. Obama's plan has met with fierce opposition from astronaut Neil Armstrong and other NASA pioneers and with bipartisan skepticism from lawmakers whose districts in Florida and elsewhere include large concentrations of NASA employees and contractors.

Mr. Armstrong and fellow former astronauts Jim Lovell and Eugene Cernan released a strongly worded letter accusing Mr. Obama of "effectively dismembering" the U.S. space program.

"It appears that we will have wasted our current \$10-plus-billion investment in Constellation," the three astronauts wrote. "...Without the skill and experience that actual spacecraft operation provides, the [United States] is far too likely to be on a long downward slide to mediocrity."

However, former Apollo astronaut Buzz Aldrin, Mr. Armstrong's partner on the first moon mission, endorsed Mr. Obama's plan and sat in the front row at Kennedy Space Center for the president's speech.

John Logsdon, a professor emeritus at George Washington University and its Space Policy Institute, also backed Mr. Obama's change of direction.

"It is time to be more than just a taxi service to Earth in low orbit," Mr. Logsdon said. "Things are going to be different. NASA is a space program, not a jobs program."

Obama Brushes Off Criticism, Says He's '100 Percent' Committed To NASA (HILL)

By Sam Youngman

[The Hill](#), April 16, 2010

Despite the "harsh words" of high-profile former astronauts, President Barack Obama on Thursday pledged to continue to fund NASA and manned space exploration, though he will dramatically revise the programs.

Obama, speaking at Kennedy Space Center in Cape Canaveral, Fla., sought to ease the minds of workers soon to be displaced when the Space Shuttle program ends and to win over critics who say the new policy's reliance on the private sector will end U.S. dominance in space.

Obama told audience members and skeptics who weren't there, including Neil Armstrong, the first man to walk on the moon, that his budget includes a \$6 billion increase for NASA funding over the next five years "even as we have instituted a freeze on discretionary spending and sought to make cuts elsewhere in the budget."

"I am 100 percent committed to the mission of NASA and its future," Obama said to applause.

Lawmakers have joined former astronauts in their skepticism of Obama's shift in priorities for the program.

Former astronaut and Florida Sen. Bill Nelson (D) joined the president for his trip to Florida. He said that as far as Obama has come in listening to the concerns of lawmakers, "it's not enough."

"As with most presidential proposals, Congress will not just rubber-stamp it," Nelson said. "So we'll take what he's saying to our committee, and then we'll change some things."

Obama has already made some concessions to Florida and Texas lawmakers and the space community by continuing to fund the space station for another five years and keeping the Orion vehicle alive.

But on other issues, Obama will clearly meet resistance from Democrats and Republicans who represent states that are home to the nation's space programs.

Sen. Kay Bailey Hutchison (R-Texas) said Thursday that Obama's policy changes "keep America grounded."

Nelson was flatly defiant on some of Obama's proposed changes.

"We are not going to wait five years before we make a decision on the heavy-lift rockets. I think we can make the decision much sooner," Nelson said. "And we're going to keep testing the monster rockets at the Kennedy Space Center."

On the minefield of issues Obama negotiated Thursday, job losses for workers on the shuttle program drew much attention as the economy continues its slow recovery.

To that end, Obama announced \$40 million in worker training for those who will lose their jobs when the shuttle program ends. And Obama pledged that his new policies would create 2,500 jobs along the Florida space coast over the next two years.

There are only three more schedule flights for U.S. space shuttles, a decision made under former President George W. Bush's administration, which Obama made clear on Thursday.

"This is based on a decision made six years ago, not six months ago," Obama said in the critical swing state of Florida.

Armstrong and other former space commanders have been highly critical of Obama's plans to scrap a space mission to the moon and other programs that the White House says are over budget and missing deadlines.

With supporter and former astronaut Buzz Aldrin in the audience, Obama said "pretty bluntly" of the moon, "we've been there before."

"There's a lot more of space to explore, and a lot more to learn when we do," Obama said. "So I believe it's more important to ramp up our capabilities to reach and operate at a series of increasingly demanding targets while advancing our technological capabilities with each step forward."

Instead, the president said, the federal government should put more emphasis on helping the private sector to develop new technologies that will allow for more manned space flights with new destinations, including asteroids and the moons of Mars. Obama said a manned mission could orbit Mars and return to Earth safely by the mid-2030s.

"And a landing on Mars will follow, and I expect to be around to see it," Obama said.

The president pledged an end to the uncertainty facing NASA, "which has risen and fallen with the political winds." Uncertainty, he said, can be seen "in the reluctance of those who hold office to set clear, achievable objectives, to provide the resources to meet those objectives and to justify not just these plans but the larger purpose of space exploration in the 21st century."

Because of that, Obama said, NASA cannot just "continue on the same path."

"We want to leap into the future. We want major breakthroughs, a transformative agenda for NASA," Obama said. "Now, yes, pursuing this new strategy will require that we revise the old strategy."

White House spokesman Bill Burton acknowledged to reporters on Air Force One that the president would need to explain his change in policies because of the reports that have come out in anticipation of the president's revisions.

"The president's view is that every time we put out a new policy, especially when we're changing course to some extent, it requires a lot of explanation," Burton said.

Burton added: "The space program that was in place when he came into office had made some determinations about the direction of our nation's space policies that the president thought could be refined and moved in a different direction."

Obama was scheduled to fly to Miami after leaving Cape Canaveral for two Democratic National Committee (DNC) fundraisers before returning to Washington on Thursday night.

Now It's The President's Plan (NYT)

[New York Times](#), April 16, 2010

When it was unveiled - in budget documents - in February, we thought President Obama's new approach to human space flight made good sense. But it drew immediate, fierce opposition from states that feared they would lose jobs and from Congressional boosters of the traditional space program.

It called for scrapping the Bush administration's program to return to the Moon by 2020, which had fallen hopelessly behind schedule and relied on outdated technology. It substituted a big investment in developing new technologies to make travel farther into the solar system cheaper and faster. In the meantime, NASA would rely on commercial companies to carry astronauts and cargo to the International Space Station after the aging shuttle fleet is retired.

In a speech at the Kennedy Space Center in Florida on Thursday, Mr. Obama sought - personally - to win over his critics, offering a powerful rationale for his plan and some reasonable modifications.

To mitigate the impact of job losses as the shuttle program winds down, the president is now pledging to spend \$40 million to promote job creation and economic development in Florida. He will also resuscitate a program to build a space capsule, but a scaled-down version to be parked at the space station for emergency escapes. That would preserve jobs in some battleground states and lay the foundation for upgrading the capsule later.

The administration has given no clue as to how much that will cost and which other NASA programs it will pillage to pay the bill. Congress must make certain that vital research programs are not harmed.

We were concerned that the original proposal had not identified a clear goal for space travel or set deadlines for getting there. On Thursday, the president began to fill in the blanks. He called for picking a rocket design for deep space travel by 2015, allowing production to start earlier than previously planned.

He ruled out returning to the surface of the Moon because "we have been there before" and called instead for crewed missions into deeper space, starting in 2025 with a visit to an asteroid. By the mid-2030s, he expects humans will orbit Mars. We don't know how realistic these projections are since the administration has yet to put forth a thorough analysis.

We also don't know if Mr. Obama will manage to win over opponents. But Thursday's speech suggests that he has learned an important lesson from the yearlong struggle to pass health care reform. He needs to get involved early and not leave it to subordinates to defend plans that will upend vested interests.

Obama Doesn't Get It; Space Is Last Frontier (USAT)

By Plain Talk By Al Neuharth, Usa Today Founder

[USA Today](#), April 16, 2010

KENNEDY SPACE CENTER, Fla. - President Obama in effect pulled the plug on our space program in a speech here Thursday, although he masked it with some vague long-term suggestions. The late president John F. Kennedy must have turned over in his grave. JFK launched the moon landing program in the 1960s because he understood that any nation that wants to remain No.1 on Earth must also be No. 1 in space.

We are now No. 2 behind Russia and soon may be No. 3 behind China. Even India and Brazil are developing ambitious space programs.

Obama's proposal not only abandons our space shuttle, he also has no timetable or real plan for what he says ultimately will send humans to Mars. Obama doesn't seem to care that soon we will have to hitchhike rides with the Russians just to get our astronauts to the International Space Station.

Unfortunately, some political and business leaders in Florida are buying the Obama plan because it may provide a few jobs for some of those thousands who will be unemployed here when the shuttle program ends. That should not be the most important of our nation's concern.

Fortunately, some of those who pioneered our space program get it. Neil Armstrong, the first human to step on the moon, called the Obama plan "devastating".

Obama's proposal is all about money priorities and our inexcusable war costs, not about peaceful world leadership. His proposed budget for 2011 makes that clear:

.Wars: \$159.3 billion.

.Space: \$19 billion.

That suggests Obama thinks that wars in places like Afghanistan and Iraq are nearly 10 times more important than exploring the last frontier in space.

I voted for Obama for president. But.

Feedback: Other views on Obama space plans

"Today, for the first time, a U.S. president has purposefully ceded leadership on the space frontier to others. We can only hope that Congress will 'just say no'."

-Michael Griffin, NASA administrator, 2005-09

"Developing breakthrough space technologies to more quickly achieve far-reaching goals is crucial to America's leadership, but we also need focused schedules and challenging destinations."

- James Oberg, a veteran of Mission Control and now an author

Jet Returns To Omaha; No Injuries (OMAHA)

By Juan Perez Jr.

[Omaha World-Herald](#), April 16, 2010

No one was hurt after an electrical smell aboard Frontier Airlines Flight 1037 forced it to return to Omaha shortly after it departed for Denver on Thursday afternoon.

Airport officials said the large aircraft, with 61 people aboard, left Eppley Airfield at approximately 1:30 p.m. The electrical smell was noticed in the cabin shortly thereafter, and the plane landed back in Omaha at 2:15 p.m.

"It's one of those situations where they smelled it, and for safety reasons returned," said Steve Coufal, Eppley Airfield's executive director.

The plane was flanked by a group of airport fire trucks as it taxied back to its gate. No fire was discovered, Coufal said.

Frontier has not updated Eppley officials about when passengers will get another chance to fly to Denver, Coufal said.

Passenger, Cargo Traffic Up At Memphis International In March (MEMBIZ)

By Andy Ashby, Memphis Business Journal

[Memphis Business Journal](#), April 16, 2010

Airport Authority president Larry Cox was recognized Thursday for 25 years of service View Larger

There were hints of an economic recovery during the Memphis-Shelby County Airport Authority board of commissioners meeting this morning.

Forrest Artz, director of finance and chief financial officer, reported Memphis International Airport had 852,657 passengers in March, up 2.6 percent compared to 830,914 in March 2009.

In its fiscal year-to-date, the airport had 7.2 million passengers, down slightly compared to 7.4 million the same nine-month period last year.

He also reported the Airport Authority had March revenue of \$9.7 million and fiscal year-to-date revenue of \$84.7 million. The March revenue was a an increase from March 2009, which posted revenue of \$9 million, but down from fiscal year-to-date 2009's revenue of \$86.9 million.

Memphis International Airport handled 738.8 million pounds of cargo in March, up 12 percent compared to 659.5 million pounds in March 2009.

In the nine-month fiscal year-to-date period for the airport, it has handled 6.3 billion pounds, up compared to 6 billion pounds in the same nine-month year-ago period.

The board awarded Flintco Inc. a \$1 million bid to relocate a security gate and 800-space parking lot during construction of the new airport tower and the ground transportation center.

It also approved an easement agreement allowing the Shelby County Port Commission and its sub-tenant, WesPac Pipeline Memphis LLC, to extend a fuel pipeline to an area leased by FedEx Corp.

The board approved the purchase of HVAC equipment from Trane Inc. for \$211,400. Memphis International employees will install the equipment.

The board also recognized Airport Authority president Larry Cox for 25 years of service, giving him an airplane model of Air Force One, but with "Memphis International Airport" on it.

Scott Brockman, chief operating officer at the Memphis-Shelby County Airport Authority, is becoming the president of the American Association of Airplane Executives' Southeast chapter. He takes office June 1.

aashby@bizjournals.com | (901) 259-1732

Pentagon Objections Hold Up Oregon Wind Farm (WP)

By Juliet Eilperin, Washington Post Staff Writer

[Washington Post](#), April 16, 2010

One of the Obama administration's prime initiatives -- the development of sources of alternative energy to reduce U.S. reliance on foreign oil, create American jobs and combat climate change -- is being jeopardized by competing concerns of the Defense Department.

The Pentagon is threatening to scuttle what promises to be the world's largest wind farm, in eastern Oregon, arguing that the giant turbines could interfere with an Air Force radar system.

Caithness Energy had planned to break ground two weeks from now on the 845-megawatt, \$2 billion Shepherds Flat wind farm near Arlington, Ore., an economically depressed rural community. But last month, Pentagon officials moved to deny the developer its final Federal Aviation Administration permit.

The move has sparked an intense lobbying battle and White House-led negotiations as senior Obama administration officials hope to avert a showdown that could cost 16,000 American jobs. The Pentagon's objections could put at risk three other major wind projects in the same region, along with proposed farms in states from Illinois to Texas. Sen. Ron Wyden (D-Ore.) said the dispute "is not about one project. It's about the future of renewable, domestic, clean power."

The standoff centers on whether the blades of the Shepherds Flat project's 338 turbines would interfere with a radar system in Fossil, Ore., because radar signals reflect off the blades when they're in certain positions. The Pentagon, which did not

respond to media queries, shut down national permitting for wind farms for several months in 2006 based on radar concerns, prompting a Sierra Club lawsuit. The FAA declined to comment on the matter.

The FAA sent notices to Caithness Energy, a company that has spent nearly four decades developing renewable energy projects, and an array of local landowners who plan to host wind turbines on their property, saying the structures pose "a hazard to air navigation." In the letter to landowners, the FAA indicated that the turbines would exceed "obstruction standards and/or would have an adverse physical or electromagnetic interference effect upon navigable airspace or air navigation facilities."

As a result of the FAA's permit refusal, work has halted on the nine-year venture. The Energy Department has stopped working on the project's loan-guarantee application; it remains unclear whether General Electric will finish manufacturing the turbines, which represented the company's largest renewable-energy contract of 2009.

Any significant delays in construction could kill the wind farm, according to Caithness Executive Vice President Ross Ain, because the project, which would take 18 months to complete, will lose its eligibility for federal stimulus funds unless it's finished by the end of 2012. In addition, the farm is supposed to start supplying power to Southern California Edison by late next year, and the utility is under pressure to meet the state's strict renewable portfolio standards.

"We're extremely disappointed that the concerns raised by the Air Force at the 25th hour threatens to crater literally billions of dollars of renewable energy in the United States and tens of thousands of jobs in renewable energy," Ain said.

Several proponents of the project -- including Wyden and Sen. Jeff Merkley (D-Ore.), as well as Caithness and GE officials -- have lobbied the White House on the matter. Wyden has indicated that he will put a hold on the nomination of Sharon Burke, who is in line to direct the Defense Department's Operational Energy Plans and Programs, until the two sides can reach agreement.

Pentagon officials have met with aides to White House Chief of Staff Rahm Emanuel, National Economic Council Director Lawrence H. Summers and White House energy and climate change adviser Carol Browner in an effort to resolve the impasse. Merkley was awaiting a call from Emanuel on Thursday afternoon and said if he didn't receive it that day, "he'll hear back from me."

The Pentagon's move has put in jeopardy three nearby wind farms being developed by Iberdrola Renewables. Together with Shepherds Flat, the projects would produce 3,000 megawatts, an amount of electricity equivalent to three nuclear power plants.

Iberdrola Renewables spokeswoman Jan Johnson said the projects had been found not to pose an air navigation hazard, but because of minor modifications, it is undergoing a second round of FAA review. "They're certainly taking a look at the issue of being close to the Fossil, Oregon, radar," she said.

Skye Krebs, a rancher whose land will hold part of the Shepherds Flat project, said he and other local residents are stunned by the turnabout.

"We don't take national security lightly," Krebs said in an interview. But, he added, "holding this project hostage at the last minute has caused a whole lot of hurt for a whole lot of people."

Less than two weeks ago, he said, one of the project contractors threw a barbecue for area residents. Krebs had started constructing a house with the "big dollars" he was getting for having wind turbines on his ranch. But last week, he told the men working on the house to stop.

"That's three jobs right there," he said. "I sent the people working on the house home last week because I just don't know how this whole thing's going to shake out."

Frontier Airlines Upgrades To Jet Service In Wichita (USAT/AP)

[USA Today](#), April 16, 2010

WICHITA (AP) - Frontier Airlines will begin offering jet service on Monday to passengers at Wichita's Mid-Continent Airport.

The company said in a statement Wednesday that the flights will use a 76-seat Embraer-170 regional jet.

Frontier's owner, Republic Airways, says it decided to discontinue its Lynx Aviation subsidiary, which operates turboprop aircraft.

The change is expected to help Frontier better compete with airlines that offer jet service.

Proposed Ore. Wind Farm Becalmed By Air Force (SEATIMES/AP)

The Associated Press

[Seattle Times](#), April 16, 2010

A developer is ready to begin work on a large wind farm in north-central Oregon but the Air Force and the Federal Aviation Administration are holding up construction, concerned about possible interference with transmissions from a radar station here.

In March, the FAA, with backing from the Air Force, issued a "notice of presumed hazard," barring construction of towers above "0 feet." Oregon U.S. Sens. Ron Wyden and Jeff Merkley have tried to run interference but so far developer Caithness Energy hasn't been able to resolve the issue.

Caithness, developer of the Shepherds Flat project, has its construction contractor on site and has hopes of breaking ground May 1. The project is expected to provide more than 700 construction jobs and millions in royalty payments for farmers and ranchers in Gilliam and Morrow counties.

The Oregonian said Air Force officials could not be reached for comment late Wednesday.

In an e-mail, FAA spokeswoman Sasha Johnson says that agency is still evaluating Shepherds Flat.

Meanwhile, Les Gelber, a Caithness Energy partner, says, "We're just sitting here in no man's land."

Wyden said he worries that the Air Force concerns could thwart big wind farms in the pipeline throughout rural Oregon and nationwide. His technical advisers tell him the radar problems are solvable without compromising military security, he said.

"If the Defense Department allows this project to go down the drain after years and years of development, the (wind farm) investors are going to walk," Wyden said. "We don't see why they should be able to come in at the last minute and put the kibosh on this program."

Another large wind energy developer, Iberdrola Renewables, also hopes to begin construction in May on three wind projects with a total capacity of 400 megawatts, one in Gilliam County and two in Washington's Klickitat County.

Spokeswoman Jan Johnson said the company received clearance from the FAA in 2008 and 2009 on those projects, but had to reapply after making minor modifications. The company has not heard back from the FAA on the new applications, she said.

Air Force Gen. Gene Renuart, head of U.S. Northern Command, testified before Congress in March that the military is increasingly concerned about wind farms disrupting radar.

Caithness wants to erect 338 turbines with a total capacity of 845 megawatts. That's well above the capacity of Portland General Electric's coal-fired plant near Boardman, Ore., though wind power is relatively sporadic.

Gelber said Caithness has been through four to five years of permitting with county, state and federal governments, ironed out concerns with the Navy, and notified the Air Force about the project three years ago. At that point, Gelber said, "The Air Force looked at this and went away."

The FAA's notice said all the proposed turbines would be located within radar line-of-sight of the Fossil radar station, which Caithness said was built in the 1950s about 50 miles from the Shepherds Flat site.

The notice added that the Shepherds Flat turbines - combined with about 1,800 other turbines built or proposed within the Fossil station's range - would "seriously impair the ability of the (Department of Defense) to detect, monitor and safely conduct air operations in this region."

There is no overlapping radar coverage in the area, the notice said, and the station "already experiences significant clutter and target tracking issues in this general area."

The tall turbines can reflect radar signals, creating a blind spot that can erase airplanes on radar screens. The turbine's rotating blades can also clutter the screens, creating a radar signature that constantly changes as the blades slow down or speed up in the wind.

Industry officials say they're working on radar-friendly turbine technologies. And upgrades to radar stations might also help.

Gelber says he hasn't been able to get a detailed analysis from the military of the radar problems posed by Shepherds Flat, but he hopes to resolve the issue with the FAA and the Air Force.

Information from: The Oregonian, <http://www.oregonlive.com>

Obama Wind Farm Goals Threatened By Indian Rites, Kennedy Wish (BLOOM)

By Tom Moroney And Jim Efstathiou Jr.

[Bloomberg News](#), April 16, 2010

(Bloomberg) -- An Indian tribe's sunrise ceremony, Nantucket's whaling-era architecture and a parting wish of Senator Edward Kennedy may block the first wind farm in waters off the U.S. and stymie a potential \$270 billion industry.

Interior Secretary Ken Salazar says he will rule this month on Cape Wind, a proposal to invest more than \$1 billion placing 130 wind-powered turbines in the shallow waters of Nantucket Sound off Massachusetts. A federal advisory council recommended on April 2 that Salazar reject the project because of the "destructive" effects on historic sites.

President Barack Obama campaigned for office pledging to double renewable energy from the wind, sun and biodegradable waste in three years, and the Energy Department says wind can supply 20 percent of U.S. power by 2030

compared with 1.8 percent today. That won't be achieved if projects are blocked by local opponents like those opposing Cape Wind, said former Energy Secretary Spencer Abraham.

"When we talk about what's made America's energy policies so challenging to devise it's in no small measure this whole not-in-my-backyard sentiment," Abraham, President George W. Bush's first energy secretary, said in an interview. "Every time you think you've satisfied protest group No. 1, there's protest group No. 2."

Leaders of 3,200 Wampanoag Indians with roots in Cape Cod and Martha's Vineyard say Cape Wind's turbine blades, reaching 440 feet into the air, would desecrate the view of the sunrise that's essential to their prayer ceremonies. A month before Democrat Kennedy died on Aug. 25, he wrote to Obama imploring him to halt action on the wind farm, which would be visible from the senator's home.

Five Miles Offshore

The Kennedy family's compound at Hyannisport was among properties cited by the federal Advisory Council on Historic Preservation in opposing the project.

Cape Wind would generate a maximum of 468 megawatts from turbines spread over 25 square miles in U.S. waters about 5 miles off mainland Cape Cod, in an area known as Horseshoe Shoal. The developer, Cape Wind Associates LLC, said on March 31 it would buy turbines from Siemens AG of Germany, which pledged to open a U.S. office in Boston.

Principals in Energy Management Inc., a closely held Boston energy company, put up \$40 million in development costs for the project from proceeds on the sale of six natural-gas power plants in 2000, according to Cape Wind spokesman Mark Rodgers.

"Everyone is waiting for Cape Wind to break the ice," said Jack Clarke, Massachusetts Audubon Society public policy director and chairman of the U.S. Offshore Wind Collaborative in Boston. "There would be few investors willing to put themselves at risk if it didn't look like the U.S. was committed to renewable offshore energy."

Meeting Target

Meeting the Energy Department's renewable-energy target for 2030 would require 54,000 megawatts of offshore wind power, according to the American Wind Energy Association, a Washington-based trade group. That would mean investment of as much as \$270 billion, based on the Energy Department's estimate that installing each megawatt costs \$2.4 million to \$5 million. A megawatt is enough to power about 800 typical U.S. homes.

Northern Europe already has about 2,000 megawatts of offshore wind capacity, with a target to reach 40,000 megawatts by 2020, according to Walter Musial, head of offshore wind research at the National Renewable Energy Laboratory in Golden, Colorado.

About 6,300 megawatts of offshore wind are planned for the U.S. Outer Continental Shelf, the Great Lakes and British Columbia, according to Bloomberg New Energy Finance.

Environment, Economics

Audra Parker, president of the Alliance to Protect Nantucket Sound in Hyannis, rejects the not-in-my-backyard label. She says her group, which has spent \$20 million over nine years to block Cape Wind, has been inaccurately depicted as wealthy and influential people who don't want their pristine ocean views cluttered by wind towers.

"Aesthetics is one component," she said. "But it's about the environment, economics -- what it will do to the fishing industry, and tourism too. It's a great technical location for the developer, but it's an awful location from the public-interest standpoint."

The federal historic panel backed claims by two Wampanoag Indian tribes that Cape Wind would disturb burial grounds now underwater.

"This is the most important fight we've had in 400 years since Metacom's War," also known as King Philip's War, said Bettina Washington, historic preservation officer for the Wampanoags of Gay Head, Martha's Vineyard. The 1675 war pitted colonists against Indians in southern New England and ended with 3,800 fatalities.

A third Wampanoag tribe supports the wind farm.

Five-Year Delay

Rejection of Cape Wind would be felt throughout the wind-power industry, said Jerome Guillet, who was head of energy for Brussels-based lender Dexia SA before starting a financial advisory firm in Paris. The next industrial-scale offshore wind project in the U.S. would be delayed for about five years, and equipment manufacturers would be reluctant to invest in factories if the project is turned down, he said.

Cape Wind is a one-of-a-kind dispute, and its fate won't determine that of other ventures, said Kevin Walsh, managing director of renewable energy at GE Energy Financial Services, a unit of General Electric Co.

"If it doesn't get done for whatever reason, political or otherwise, it doesn't mean offshore wind in this country is done for," said Walsh. GE, based in Fairfield, Connecticut, is the largest supplier of wind turbines in the U.S.

Whales, Seals

Relocating the turbines farther offshore isn't an option because that would interfere with migrating whales and seals, said Jim Gordon, a principal in Energy Management Inc.

The Army Corps of Engineers found Cape Wind would have "minimal" environmental impact. The project still needs approval from the Federal Aviation Administration because the turbines may interfere with tower-to-aircraft transmissions. It also awaits resolution of a case in the Massachusetts courts.

If impinging on the view from the Kennedy compound were the deciding criteria, "we wouldn't be able to build anything near any historic structure anywhere," said Jeremy Firestone, who teaches international environmental policy at the University of Delaware in Newark.

The solution is creation of a federal panel with authority to override local objections, according to Abraham, the former energy secretary. Abraham, who also served as a Republican senator from Michigan, is on the board of Deepwater Wind LLC of Hoboken, New Jersey, which has proposed offshore projects in that state and Rhode Island.

"If you took a poll, there'd be overwhelming support for renewable energy and wind," Abraham said. "But as soon as you started building it somewhere, that's another story."

To contact the reporters on this story: Jim Efstathiou Jr. in New York at jefstathiou@bloomberg.net. Tom Moroney in Boston at tmorrone@bloomberg.net

Sea-Tac Airport Collects, Compacts Airplane Recyclables (SPI)

By Aubrey Cohen

[Seattle Post Intelligencer \(blog\)](#), April 16, 2010

Seattle-Tacoma International Airport Thursday showed off a new program that coordinates collection.

I couldn't make it, owing to a desire not to infect others, but Port of Seattle spokesman Perry Cooper was kind enough to send along the above photo and some details.

The program will reduce waste sent to landfills, improve ramp safety, decrease air emissions, and save more than \$250,000 each year, the port said.

"This is a cost-effective and convenient recycling system that is coordinated by the airport in order to save money for every airline participating," Elizabeth Leavitt, director of Planning and Environmental Programs at Sea-Tac, said in a news release. "Our goal is to recycle 50 percent of our waste by 2014. This will take us another major step toward that effort."

The port has installed six pairs of 30-cubic-yard capacity compactors that have computer monitoring to provide alerts when they are full, reducing pickup trips by 75 percent. The centralized system, eliminating the previous system of having airlines coordinate their own pickups, has eliminated 89 pickups per month, the port said.

Just in March, 12 more tons of recyclables were picked up at the airport, equal to 9 percent of its total airfield waste, the port said.

The port gives airlines free use of the recycling compactor and credits for the ratio of recycling versus trash, reducing annual bills. Currently, 90 percent Sea-Tac's air traffic is participating, including Seattle-based Alaska Airlines and Horizon Air, which are the airport's biggest carriers.

In the release, Jacqueline Drumheller, environmental projects manager for Horizon and Alaska, said: "These new compactors not only help make recycling easier, they also help us track our progress in this effort."

Small Plane Lands Safely On Beach Near Gary (Chit)

[Tribune \(blog\)](#), April 16, 2010

A small plane made a safe emergency landing on a beach about 7.5 miles northeast of the Gary, Indiana airport tonight.

The FAA only had preliminary information as of about 8:30 pm., but could confirm that all four people on the single-engine plane were uninjured and there was no damage to the plane because of the emergency landing.

FAA spokeswoman Elizabeth Isham Cory did not yet know why the plane had to land, or where the flight was headed. She said the investigation was ongoing.

It was not immediately known how the plane would be moved, but Cory said in most cases a truck would be called to relocate the plane. The plane's pilot would have to contact the FAA in advance if an attempt were to be made to take off from the landing location.

A Gary police officer said the landing was near Wells Street along the lakefront, and confirmed there were no injuries.

Emergency Landing For Dulles Flight (WP)

By Erica Johnston

[Washington Post](#), April 16, 2010

A United Airlines flight from Dulles to Seattle made an emergency landing Wednesday night in Sioux Falls, S.D., after the crew reported the smell of smoke in the plane's cabin, federal and company officials said.

The crew aboard Flight 917, a Boeing 757 jet, began smelling smoke about an hour after takeoff and the pilots decided to divert the flight to Sioux Falls, said Charlie Hobart, a United spokesman. No one was injured during the flight or the landing.

The 166 passengers were expected to be delayed nearly four hours by the diverted flight, as airline officials routed a second plane to carry them to Seattle, Hobart said.

The Federal Aviation Administration is investigating the incident, an agency spokeswoman said.

Air Traffic Control Program Comes To TSTC (KXXV)

By Louis Ojeda Jr.

[KXXV-TV Waco, TX](#), April 16, 2010

WACO - The Federal Aviation Administration announced on Monday its approval for the Air Traffic Control Program at Texas State Technical College.

Of the 36 schools in the country that offer the Air Traffic Collegiate Training Initiative, TSTC is now the only public college in Texas to offer the program.

"This is great news for Texas State Technical College and for the students of Texas, who now have expanded opportunities to train for critically needed air traffic control jobs," said Gov. Rick Perry.

The air traffic control program adds to TSTC's wide variety of aviation and aerospace fields of study. TSTC currently offers aircraft pilot training, aviation maintenance technology and avionics technology curricula.

"Texas has a rich history of aviation," U.S. Senator Kay Bailey Hutchison said. "This announcement designating Texas State Technical College Waco as an Air Traffic Collegiate Training Initiative school continues this storied tradition while broadening the number of innovative educational programs for our students. With more than 40 percent of air traffic controllers hired from Air Traffic Collegiate Training Initiative schools, this designation will not only open the door to more job opportunities for these graduates but it will ensure that Texas continues to play a critical role in safe, efficient air travel in our state and across America."

The new facility will have a formal groundbreaking ceremony in May with construction expected to be completed in the fall of 2011. Students already can register for the program which begins this fall.

FAA Extends Deadline For Customer Satisfaction Survey (AviationNews)

[AviationNews.net](#), April 16, 2010

FAA's Office of Airports has extended its 2010 biennial Web-based customer satisfaction survey until April 18, 2010. Airport sponsors, consultants, and other interested parties are asked to register now to receive a survey at <https://svy.cfgroup.com/cgi-bin/qwebcorporate.dll?idx=NHHP3T?>. Respondents wishing to provide survey feedback on more than one FAA airports office may select additional surveys on the registration form. FAA said feedback helps the agency know how it can continue to improve its customer service, delivery and practices.

FAA, IBM Set Sights On Real-time Network Security (GCN)

Project uses analytics platform that could recognize attacks as they arrive

By William Jackson

[GCN.com](#), April 16, 2010

The Federal Aviation Administration is partnering with IBM in a research and development program to create a real-time, intelligent system that could recognize online attacks while they are forming and thwart them before they are launched.

"We are getting information overload" from an increasing number of warnings and alerts from sensors, firewalls and organizations, such as the U.S. Computer Emergency Readiness Team, said FAA spokesman Paul Takemoto. "The challenge is to put this together in a way that is meaningful."

The system would provide a first-level analytics capability that would elevate alerts to the next level of human analysis, Takemoto said. "IT's not going to replace the human element."

Related story:

Faster networks, closer inspection fend off agile threats

The heart of the prototype system would be a streaming analytics engine developed by IBM to do signals intelligence for the Defense Department. InfoSphere Streams is a platform for real-time analysis of multiple data streams that are delivered at

different speeds and in different formats, in volumes too large to be stored and reviewed, said David McQueeney, chief technology officer at IBM U.S. federal business.

"One of the uses we thought was promising for this was cybersecurity," he said. So IBM approached FAA to collaborate on a prototype.

Although Takemoto said FAA is confident IBM will be able to come up with a system, the project is strictly R&D at this time. The agency and company will work to develop the algorithms needed for security data analysis and define the level of performance and scalability required for a workable system. FAA will then decide whether to proceed with further development, testing and deployment.

Takemoto said the program is not tied to FAA's Next Generation Air Transportation System, a long-term effort by FAA to bring air traffic control into the 21st century by replacing radar-based guidance with a satellite-based system that would allow pilots to locate other aircraft and communicate with other pilots and FAA controllers more efficiently.

FEDERAL HIGHWAY ADMINISTRATION

Lake Champlain Bridge Creates Labor Rift (AP)

By Dave Gram

[Associated Press](#), April 16, 2010

MONTPELIER -- A day before bids were to be opened for construction of a new Lake Champlain Bridge linking Vermont and upstate New York, debate heated up Wednesday at the Statehouse regarding how big a role unions should play in the construction project.

My Turn: Politics will cost Vt. bridge jobs

Gov. Jim Douglas defended his administration's decision to reject a "project labor agreement" governing the 15-month, \$75 million job to build a span to replace one that linked Crown Point, N.Y., and Chimney Point for 80 years before it was demolished in December due to safety concerns.

A ferry has served in place of the bridge since then, but area business people and commuters say it's a much slower trip across the lake and a big headache.

Douglas said a draft project labor agreement would have required that 84 percent of the hundreds of engineers, iron workers, carpenters, teamsters, masons and laborers expected to find work on the bridge be union members at least for the duration of the project.

"I don't think it's fair," Douglas said. "It puts Vermont contractors at a disadvantage," because most are nonunion, he said.

Shortly after the governor spoke, two Senate leaders, President Pro Tempore Peter Shumlin and Vincent Illuzzi, chairman of the Senate Economic Development Committee, joined House Majority Leader Floyd Nease and labor leaders to promote a Senate resolution calling on Douglas to reverse himself and support a project labor agreement.

"In these difficult economic times our government needs to do everything we can to get Vermonters working again," Shumlin said. "It is not enough to just pay lip service to job creation; we need to take decisive action that will create jobs and get our economy moving again."

A project labor agreement is a master document under which multiple trade unions working usually on big and complex projects agree to harmonize work rules and often agree to make concessions on wages, shift differentials and other working conditions.

(2 of 2)

A New York consulting firm hired by the new bridge's design firm released a report in February estimating that a project labor agreement could save more than \$1.7 million off the project's estimated \$75 million price tag.

The savings could be more, depending on what concessions the unions agree to, said Ed Arace, president of Arace & Co. Consulting, a Warwick, N.Y., firm that did the study.

Arace also said the debate at the Vermont Statehouse might have come too late to change the fate of the bridge project. Since a request for bids went out March 1 without telling prospective bidders there was to be a project labor agreement, and bids were to be opened today, it would be difficult to change course now.

"Once the bids are open, it's kind of late," Arace said. "The clock is running out on this."

Jill Charbonneau, president of the Vermont State Labor Council, AFL-CIO, joined other labor leaders at Wednesday's news conference in saying the agreement would call for priority hiring from local union halls. She and other labor leaders said without an agreement, contractors could bring in workers from anywhere in the country, denying local workers employment.

Those arguments were countered by Carole Pouliot, president of board of directors of Associated General Contractors of Vermont, an industry group. She said because most of her member firms are nonunion, many might have trouble bidding for a share of the bridge project.

Nonunion companies that did bid on the project would see their employees become unionized, at least for the duration of the project, she said.

"Most workers I've met who are working for an open (nonunion) shop generally are working for an open shop because that's where they want to be," she said. "If they wanted to be in a union, they'd work for a union shop."

Arace said nonunion workers would not actually have to join a union if there were a project labor agreement, but would have to pay fees to the unions in place of membership dues and would have money taken from their checks for union-sponsored pension funds and other benefits.

Lawmakers, Officials At Odds On Labor Agreement (BMTA)

By Peter Hirschfeld

[Barre Montpelier \(VT\) Times Argus](#), April 16, 2010

MONTPELIER - Legislative leaders say they'll pass a formal resolution urging the Douglas Administration to reconsider its opposition to a proposed labor agreement for the Lake Champlain bridge project.

The announcement Wednesday culminates weeks of wrangling between the two government branches over a so-called "Project Labor Agreement" - a union-negotiated contract that would govern labor rules on the \$110 million project.

Transportation officials in the Douglas Administration call the document a pro-union agreement that would disadvantage Vermont contractors, the majority of which run "open shops."

Union officials say the Project Labor Agreement would save up to \$3 million in total project costs and ensure the use of Vermont workers on the highest-dollar bridge contract in recent memory.

"We firmly believe that if the administration will reconsider its position, we can get Vermonters working, rebuild the bridge and save taxpayer money," Senate President Peter Shumlin said at an afternoon press conference. "It would be pennywise and pound foolish to proceed in any other fashion."

Shumlin, joined by Sen. Vince Illuzzi, an Essex County Republican, and House Majority Leader Floyd Nease, a Johnson Democrat, said witness testimony compiled during two days of hearings cemented the Legislature's position.

While the resolution won Shumlin and other lawmakers the good graces of Vermont union officials, the symbolic gesture won't compel a change in the administration's stance.

John Zicconi, director of planning and community affairs for the Vermont Agency of Transportation, said Wednesday that Secretary of Transportation David Dill maintains his opposition to the PLA.

"The overriding issue all along has been fairness to all contractors vying for work," Zicconi said.

Dill has said the PLA violates that fairness by giving undue preference to union contractors. Provisions in the PLA, Dill said, would require almost all work on the job to be performed by union members. Dill said Vermont contractors have told his agency that the requirements would either force higher bids or, more likely, keep them out of the bidding process altogether.

Union officials say the maximum allowances for nonunion labor don't preclude open-shop firms from using their own workers. Rather the contractors would have to operate under a union framework for the duration of contract, they said, and their workers would have to temporarily join up with the local union hall.

Union officials also say the PLA guarantees a minimum number of Vermont workers for the project. A clause in the contract stipulates that 84 percent of labor positions will be split between union workers in Vermont and New York.

"I can guarantee you that no Vermont contractor is going to win the bid on a project of this size," said Michael Morelli, business agent for Ironworkers Local 7 Vermont. "So if it's going to be an out-of-state contractor, wouldn't we want some assurance that workers in the impacted areas are still going to benefit?" Citing a feasibility study conducted by a New York consultant, union officials say the Project Labor Agreement would save up to \$3 million in project costs. Harmonizing work schedules between various union trades and avoiding overtime for unconventional shifts, the study found, would achieve significant savings.

"The Project Labor Agreement . brings about wage concessions, and secondly it will help to ensure that Vermonters and New Yorkers will have a substantial part of the construction work issued in connection with one of largest construction projects in recent history," Illuzzi said.

Some prominent lawmakers remain opposed to the Project Labor Agreement. The chairmen of the House and Senate committees on transportation - who signed a letter to the New York Department of Transportation opposing the use of a PLA - say the contract would hurt Vermont contractors.

Rep. Pat Brennan, a Colchester Republican, said he thinks the PLA is more likely to increase project costs, not reduce them. And with open-shop contractors comprising 95 percent of the Vermont workforce, Brennan said, it's unwise for the state to enter into a contract negotiated by union heads.

"This is going to force our guys to join a union whether they want to or not," Brennan said. "With a PLA in place, it's going to preclude a Vermont contractor from even bidding."

Zicconi said that with the bid-opening happening today, it's far too late in the process to introduce a PLA now. Doing so, he said, would push back the project schedule and prolong the ferry service that costs Vermont about \$30,000 a day to operate.

"If we were to attempt to do anything at this point it could jeopardize us moving forward in a timely manner," Zicconi said. "And time literally is money with this project due to ferry costs."

Legislative leaders said the PLA could be negotiated in a single day without affecting the project schedule at all.

The Legislature could have sent a more forceful message by passing a bill tying the appropriation of bridge funding to the use of a PLA. Shumlin said "practical" concerns would make that an unwise course to pursue.

"We understand that bill might not get signed so we're sending a resolution," Shumlin said. "If they veto the bill, we're in the same place, and time is of the essence here."

Follow us on Facebook and Twitter.

No Union Requirement On Lake Champlain Bridge Project (ALBBIZ)

By Michael Demasi, The Business Review (albany)

[Albany Business Review](#), April 16, 2010

A Project Labor Agreement won't be required for construction of the new Lake Champlain Bridge connecting New York to Vermont.

But that doesn't mean the door is entirely closed on a PLA at the job site, according to the New York State Department of Transportation.

"We're not closing the door on anything but we're also not going to hold the project up because of a PLA," said Carol Breen, spokeswoman.

The lack of a PLA is a victory for non-unionized contractors who lobbied against the measure, arguing it would exclude them from bidding on the job.

Eight companies submitted bids by today's deadline, including two in the Albany region: The Delaney Group Inc. of Gloversville (\$73.6 million) and a joint venture between Harrison & Burrowes and Kubricky Construction of Queensbury (\$83.7 million).

The apparent low bidder, at \$69.7 million, was Flatiron Constructors Inc. of Lafayette, Colo.

The bid is subject to review by the DOT.

"We are fast-tracking the review and expect the contract to be awarded around May 7, which is half the time it usually takes for most highway and bridge contracts," said DOT Communications Director Deborah Rausch.

If all goes according to plan, construction should start by the end of May and be finished by fall 2011.

At this point, requiring a PLA would force the state to advertise for new bids. That would further delay a project that New York and Vermont officials want to get done as soon as possible because of the disruption to traffic caused by not having a bridge.

The 2,184-foot bridge, which connected Crown Point, N.Y., to Chimney Point, Vermont, was demolished in December after Gov. David Paterson ordered an emergency closure due to safety concerns.

Construction unions in New York pushed for the PLA on the grounds it would save money and ensure labor peace. Under a PLA, non-unionized contractors are essentially frozen out of the process because of union hall hiring requirements.

The New York Department of Transportation tried to craft a PLA acceptable to Vermont, but it was rejected because it would have prevented every contractor in Vermont from participating in the project, according to a March 25 letter written by a chief engineer at Vermont's Agency of Transportation.

Vermont Gov. Jim Douglas, a Republican, sided with the Associated Builders and Contractors' New Hampshire/Vermont chapter in opposing the PLA, according to association officials.

The association issued a statement saying a PLA would have increased construction costs by as much as 18 percent and made it "impossible" for non-unionized contractors to compete for the job.

The Associated General Contractors of New York, which represents union and non-unionized contractors, opposed a PLA and threatened a lawsuit if one is required.

mdemasi@bizjournals.com

DOTD Announces \$81.4 Million For Roads Damaged By Hurricanes (SDN)

By GateHouse Media, Inc.

[Southwest Daily News](#), April 16, 2010

Sulphur, La. -

Department of Transportation and Development (DOTD) Interim Secretary Sherri LeBas announced that Louisiana will receive an additional \$81.4 million in Federal Highway Administration Emergency Relief funding to repair damages to roads related to Hurricanes Katrina, Rita, Gustav, and Ike. The Louisiana Department of Transportation and Development approached Secretary Hood of the U.S. Department of Transportation (DOT) in March of this year for funding the revitalization of roads damaged by the past four hurricanes.

Governor Bobby Jindal said, "In the past four years - Louisiana has been struck by four major hurricanes that ravaged infrastructure all throughout our state - and with these funds we'll be able to make critical investments in our roadways. These dollars will improve and upgrade transportation infrastructure so that Louisiana businesses and visitors have better support for engaging in commerce and our citizens are provided with a better quality of life."

Interim Secretary Sherri LeBas said, "We want to thank Secretary LaHood for acting so quickly on behalf of the people of south Louisiana. Through these funds, we will be able to continue rebuilding infrastructure, which is essential to the continued revitalization of our communities affected by these hurricanes."

The DOT funds are allocated for use on pre-qualified state roads that have been damaged as a result of natural disasters and the state's disaster recovery efforts, including the transportation of thousands of tons of debris.

\$74.5 million is allocated to pre-qualified projects damaged by the effects of Hurricanes Katrina and Rita. Additionally, \$7 million in funding was awarded for the reimbursement of recovery efforts associated with Hurricanes Gustav and Ike. While this funding does not complete all of the projects, it does allow DOTD to continue its efforts without disruption. The State expects to receive additional funds next year to complete repairs to state highways across south Louisiana and to local streets in Jefferson and Orleans Parishes.

The U.S. DOT Federal Highway Administration, especially the Louisiana Division Office, played an important role in Louisiana's historic recovery. "We are so appreciative of the Federal Highway Administration's efforts and look forward to a continued stellar partnership," said LeBas.

Quinn Touts Road Construction Plan (PJSTAR)

By Doug Finke

[Peoria \(IL\) Journal Star](#), April 16, 2010

SPRINGFIELD -

Illinois officials are touting an election-year road construction plan that they said will see \$5 billion worth of work under contract this year.

"This will be the biggest construction season of all time in Illinois," Gov. Pat Quinn boasted Thursday.

State Transportation Secretary Gary Hannig said the \$5 billion number isn't limited to projects that will be started and completed this year. It includes projects begun earlier, but not yet completed and also projects that will start this year, but not be completed for several construction seasons.

Still, Hannig said, just a couple of years ago, the comparable number was less than \$3 billion.

The entire highway improvement plan covers six years and \$12.8 billion worth of projects. Of that, nearly \$7.9 billion will come from federal funds, nearly \$5 billion from state sources and \$660 million from local funding.

About \$2.5 billion is from the Illinois Jobs Now public works program approved by lawmakers last year. Bonds issued to pay for the program are to be repaid in part by state licensing of video gambling devices. Local communities were given the option of saying "no" to the devices, and some have. Quinn, though, said that will not affect the capital program.

"Video gaming is a part of the financing," Quinn said. "We have ample money in the first several years of our plan here to pay for everything."

Michael Carrigan, president of the Illinois AFL-CIO, said he's been out lobbying communities to stay with video gaming.

"We desperately need the revenue," Carrigan said. "This is going to go a long way toward putting people to work. These are good jobs with good wages and good benefits."

Hannig said the entire six-year plan is expected to create 167,000 construction jobs.

\$5B For Illinois Roadwork In 2011, Biggest Ever (CHIT)

[Chicago Tribune](#), April 16, 2010

SPRINGFIELD, Ill. (AP) - Illinois plans \$5 billion in road work in the next fiscal year.

Transportation Secretary Gary Hannig on Thursday said that will be a record amount.

Gov. Pat Quinn announced a six-year, \$12.8 billion highway improvement program starting July 1.

That includes \$2.5 billion in the first year. Combined with existing work, it will be a record construction year.

The five-year total also includes more than \$2.5 billion in state funds that will be borrowed from the capital construction plans the Legislature adopted last year.

The plan will rehabilitate 4,739 miles of highways and replace or fix 763 bridges.

Work on a new bridge across the Mississippi River at East St. Louis will begin this year.

2011 To Be Biggest Illinois Road-Building Year (CBS2CHI)

By CBS

[CBS 2 Chicago](#), April 16, 2010

Illinois plans \$5 billion in road work in the next fiscal year.

Transportation Secretary Gary Hannig on Thursday said that will be a record amount.

Gov. Pat Quinn announced a five-year, \$12.8 billion highway improvement program for 2011 to 2016.

That includes \$2.5 billion for the budget year that begins July 1. Combined with existing work, it will be a record construction year.

The five-year total also includes more than \$2.5 billion in state funds that will be borrowed from the capital construction plans the Legislature adopted last year.

The plan will rehabilitate 4,739 miles of highways and replace or fix 763 bridges.

Work on a new bridge across the Mississippi River at East St. Louis will begin this year.

Ga. Road Budget So Squeezed, DOT Can't Afford To Borrow (AJC)

By Ariel Hart, The Atlanta Journal-Constitution

[Atlanta Journal-Constitution](#), April 16, 2010

Georgia's transportation budget is so squeezed that the state Department of Transportation has asked the governor and the Legislature to cancel -- for now -- \$300 million the state plans to borrow for road projects, because the DOT will be hard-pressed to make the debt payments.

In addition, within a couple of years, Georgia will have to pass up "tens if not hundreds of millions" in federal funds for road projects, because it will be unable to supply the standard 20 percent local financial match, said state Transportation Board member David Doss. The board's legislative committee on Wednesday backed a resolution Doss introduced to notify the Legislature of the likelihood of losing the federal funds, and the full board will take it up Thursday.

DOT Treasurer Kate Pfirman said that it is impossible to know now exactly how much federal money the state would lose, because it would be more than a year away, likely in the fiscal year that begins in July 2011.

Over the past decade, the DOT has already borrowed so much to fund the Governor's Fast Forward road program that its debt payments are reaching hundreds of millions of dollars. On top of that, revenues from the state gas tax, which fund roadwork, have slumped along with the economy, though they may be starting to recover.

The \$300 million in borrowing was part of Gov. Sonny Perdue's proposal this year for new transportation funding. He said he hoped future Legislatures and governors would continue the borrowing for a total of \$3 billion over 10 years. Perdue originally suggested that the interest would be taken from the state's general fund, not the already slim transportation budget. But steadily worsening state budget cuts and political strife with the DOT board led to a change. If the state borrows that money, it would now expect the DOT to make the debt payments of \$26 million per year for 20 years.

If the state can't afford it, the DOT can't afford it either, at least for the moment, said board Chairman Bill Kuhlke, who wrote the letter asking to defer the borrowing. He said he had not yet received a response.

A spokesman for Perdue, Bert Brantley, said Wednesday that "the governor wanted to jump-start road construction, and the \$300 million was a big part of that." He said Perdue's desire to get projects moving "is still the same as it was."

DOT officials said the governor is still declining to refinance some transportation debt that with new lower interest rates might save about \$15 million next year, and about \$25 million overall. Perdue canceled the refinance earlier this year after the DOT board took a vote to change its accounting. Following outraged reaction from Perdue and legislative leaders, the board has since rescinded that vote.

Transportation funding measures under consideration at the General Assembly now probably wouldn't help in time, said board member Steve Gooch.

Member Rudy Bowen hinted that the state should raise the gas tax, pointing out that Georgia's gas tax was much lower than those of surrounding states.

\$25.3 Million In State Bridge And Road Projects Moving Through FASTER Pipeline (InDenver)

By Kevin Flynn

INDenverTimes.com, April 16, 2010

A total of \$25.3 million in state highway projects funded by the FASTER program is in CDOT's pipeline, including replacement of four wooden bridges along a state highway where volunteer firefighters died in 2008 crossing where a fifth wooden bridge had been destroyed in a wildfire.

The 10 separate projects include \$8.2 million in bridge replacements and \$17.1 million in road safety work.

The list includes those under contract, those with bids already taken and those currently out for bids.

FASTER, which stands for Funding Advancement for Surface Transportation and Economic Recovery, was passed by the legislature last year. It represents the first new local funding to come in to state transportation projects in 19 years, since the gas tax was last increased. Some of FASTER's revenue is allocated to cities and counties for local roads.

FASTER established two separate fees, earmarked to road safety projects and to replacement of the 124 poor-rated bridges on the state highway network.

The annual road safety fee is a sliding scale based on vehicle weight. Ranging from \$16 for light vehicles to \$39 for vehicles over eight tons, the owner of the average passenger car between one and two and a half tons would pay \$23.

The bridge fee is also a sliding scale based on weight, and is being phased in over three years. Currently at \$9 for the average passenger car, it will be \$18 in two more years.

As a result, the owner of an average passenger car would pay \$41 in 2011-12 between the two fees.

Among the bridges being replaced this year are four wooden structures on CO 96 in Crowley and Kiowa counties in southeast Colorado. It was on this corridor that a fifth wooden bridge west of Ordway burned in the grassfires of April 2008, and a fire truck from the Olney Springs volunteers rushing to help protect Ordway plunged over the abutment and into the Numa Drain Canal. Two firefighters died in the crash. The structures had been built in the 1930s and 1940s.

Here is the list of FASTER projects currently in the process of contracting:

FASTER Safety Projects

Under contract:

- . I-70 between the Eisenhower Tunnel and Bakerville: Upgrades median barrier and resurfaces I-70. Asphalt Specialties, \$2,955,811.15

- . I-25 between approximately CO 392 and Harmony Road: Rubblizes and repairs failing concrete on I-25. Coulson Excavating, \$9,384,771.55

Bids received:

- . I-70 between Eisenhower Tunnel and Silverthorne: Installs electronic signage to manage truck speeds and the westbound runaway truck ramp. Sturgeon Electric, \$577,954

- . I-70 at Georgetown Hill: Installs electronic signage to warn motorists of slow moving or stopped traffic. Sturgeon Electric, \$122,513

- . US 285 between Bailey and Richmond Hill: Paves US 285 in asphalt, installs guardrail, improves lane transitions at the end of the existing climbing lanes and widens shoulders. LaFarge North American, dba LaFarge West Inc., \$2,662,412.20

Currently under ad for bids:

- . CO 93 at CO 170, Eldorado Springs: Upgrades the traffic signal at the intersection. Engineer's estimate, \$330,000

- . CO 392 at Weld County Road 31: Installs a new traffic signal at the intersection. Engineer's estimate, \$300,000

- . I-76 near Hudson: Installs median cable guardrail to help prevent crossover accidents.- Engineer's estimate, \$750,000

FASTER Bridge Projects

- . CO 69 over Turkey Creek: Bridge replacement. Engineer's estimate, \$3 million

- . CO 96 over Draw and Black Draw: Replaces four bridges. Engineer's estimate, \$5.2 million

More Transportation News from Kevin Flynn's Inside Lane

Get on the Inside Lane with longtime journalist Kevin Flynn, and get more news and views on Colorado's transportation system than you can get anywhere else. Slower traffic keep to the right, we're on the Inside Lane!

Work Set To Begin On New I-90 HOV Lane (BELLR)

By Joshua Adam Hicks

[Bellevue Reporter](#), April 16, 2010

The state Department of Transportation broke ground Wednesday on a project that will open a new eastbound HOV lane on I-90 between Bellevue and Mercer Island in preparation for East Link light rail.

The \$31-million project will free existing center express lanes for eventual light rail use.

The center lanes - which operate westbound in the morning and eastbound at night - will remain open to express HOV traffic until construction begins on the East Link light-rail line.

State transportation officials expect the new eastbound lane to be open in mid-2012, with East Link construction beginning by early 2014.

Wednesday's groundbreaking ceremony launched the second part of a three-stage plan to increase capacity on I-90 and pave the way for light rail.

The first phase, which cost \$34 million, included the October 2008 opening of a new westbound HOV lane on I-90 between Bellevue and Mercer Island.

Both of the first two phases add new direct-access HOV ramps at Bellevue Way SE and 80th Ave. SE.

Stage three will involve new HOV lanes in both directions between Mercer Island and Seattle.

The total cost for all three phases is estimated at \$188 million.

Big Year Ahead For State Road Construction (CHIT)

\$5 billion worth of work expected to start this year

By Richard Wronski, Tribune Reporter

[Chicago Tribune](#), April 16, 2010

A road construction season that's being called the biggest in state history - \$5 billion worth of work on 4,739 miles of highways and 763 bridges - will get under way this spring, state officials said Thursday.

Although state and federal highway funds are becoming more scarce, the work will be made possible with billions of dollars of borrowed money coming from recently approved state public works programs intended to spur the economy and create jobs.

Projects to widen and resurface roads and rehabilitate bridges from Interstate Highway 94 at the Wisconsin border to Interstate Highway 80 in Will County have been put on a fast track to begin construction this year, officials said. About \$3 billion worth of construction work has been the norm in recent years.

"This is going to be the biggest construction season in the history of the state. Next year may be bigger," state Transportation Secretary Gary Hannig said. "Roads have deteriorated. Those projects that are most needed are being addressed in this program."

Officials unveiled a new six-year, \$12.8 billion road program that again leaves out new highways like the long-sought extension of state Highway 53 into Lake County or the Prairie Parkway in Kendall County. But the program includes funding for scores of other projects that are no less anticipated.

Highways like LaGrange Road in south Cook County and Butterfield Road in DuPage would get additional lanes; new interchanges would be built on the Stevenson Expressway at Central Avenue and at Weber Road; and U.S. Highway 30 and Illinois Highway 7 in Will County would be widened.

Another project tackles the long-stalled bypass around the western edge of Algonquin in McHenry County. The \$91.7 million project would alleviate traffic backups at the intersection of state Highway 31 and Algonquin Road.

Much of the work is long overdue because the state went more than a decade without a public works program, Hannig said in a conference call with news media.

Many of the projects, about \$1.6 billion worth, have been accelerated into the 2010 construction season because of the availability of bond money, Hannig said.

"We tried to push as many projects out the door as we could," he said.

The program counts on funding from \$142 million in bonds from the state's small capital plan known as Jump Start, and \$2.49 billion from the bigger Illinois Jobs Now bond program, both approved by the legislature last year.

The rest of the money comes from other federal, state and local sources.

Officials say the road program is expected to create 167,000 jobs over the next six years. Contracts for many projects will be awarded starting this month.

Aside from the bond money, Illinois' road program remains beset by serious funding challenges. The highway trust fund that provides federal dollars has been depleted and Congress had to add \$8 billion in general revenue to keep it solvent.

rwronski@tribune.com

Dallas Mayor Says Costs May Put Parts Of Trinity Project On Hold (DMN)

By Michael A. Lindenberger

[Dallas Morning News](#), April 16, 2010

Parts of the Trinity River project may have to be delayed while Dallas and its cash-strapped partners move forward piecemeal with what they can afford, Mayor Tom Leppert said.

Also Online

Historic designation for levees, floodway could block Trinity toll road

Link: Learn more about the Trinity Parkway project

Full coverage: Trinity Corridor Project

Get transportation and transit news

"Given the current funding challenges the different partners may be facing, this may mean that we proceed with elements of the project as funding becomes available, and pursuing others at a future date," he told The Dallas Morning News.

The mayor's comments constitute an acknowledgement that much has changed in the nearly three years since Leppert led a vigorous campaign to defeat a referendum that would have taken the toll road out of the Trinity project, the city's grand plan to raise the levees, add lakes and parks and build a high-speed toll road in the floodway.

Since then, the North Texas Tollway Authority has announced it will be only able to pay for a portion of the overall cost of the toll road, and state and federal transportation funding has all but dried up.

Meanwhile, concerns by the U.S. Army Corps of Engineers about the integrity of the levees have halted nearly all work on the project, and will likely require tens of millions of dollars to fix - and maybe much more.

All that work must be done before the city can resume work on the toll road, the lakes or the rest of the Trinity River project.

"It's not a matter of putting things on the shelf," Leppert told The News today. "All of the elements are important, and we want to see all of them completed. When we see the opportunities to proceed, we want to move on those as quickly as possible and get them done."

In leading the 2007 campaign to defeat the ballot initiative, known as Proposition 1, Leppert and other top city officials repeatedly told voters that the toll road was necessary to build the rest of the project.

"[N]ow we've got a plan - it's in the works, and it's a good one," Leppert wrote in an Oct. 21, 2007, op-ed piece for The News.

"We've worked too hard to lose it now. And that's what will happen if Proposition 1 passes. We will be left without a park, without more than \$1 billion that has been committed from outside sources to the taxpayers of Dallas and without critical economic development opportunities."

That commentary ran just weeks before Dallas voters would narrowly decide to keep the toll road wrapped up with the rest of the project.

City Council member Angela Hunt had forced that ballot issue, and frequently argued that the toll road could have been, and should have been, removed from the Trinity River project, though doing so would have raised some costs to the city.

Leppert said the plan with the toll road between the levees - a route favored by the city but never signed off on by either the corps or the Federal Highway Administration, who will have final say - was necessary for the parks.

"Finally, we need a great park, and this is the only plan that gives us one in the foreseeable future. Without the elements of the plan discussed above, there is simply no funding, and that means none of us will have the pleasure of enjoying the Trinity Park, and our region will not gain all of the positive impacts from this entire project," he wrote.

Some officials acknowledged before the vote that the toll road wasn't actually essential to the rest of the plan, though they said that including it helped reduce the costs associated with some of the other elements - including, for instance, the cost of digging out the new lakes and hauling off the dirt.

But city officials have continued to make the case that the projects should be built together.

Last month, Assistant City Manager Jill Jordan told the Greater Dallas Planning Council that taking the road out of the plan would raise the costs for other elements, like the lakes. Currently the toll road would make use of the dirt excavated to build the lakes.

"We have a place for all that dirt to go," she said. "So if the parkway were to fall out, then we'd have to go back and evaluate what might change."

Everything might have changed, beginning last year, when the Army Corps of Engineers brought every aspect of the project to a halt by flunking the levees. The corps said it could no longer certify them as being capable of protecting the city from flood.

The city has spent nearly \$30 million to study just how bad the levees are, and will soon release a report on what's to be done about them.

That work, Leppert said this week, will have to be completed before the city can resume work on the parks or the toll road.

"First and foremost though, we must address the flood safety issues by repairing and improving the levees."

Leppert's comments came in response to concerns raised in the past week by one of the toll road's biggest supporters, U.S. Rep. Eddie Bernice Johnson, D-Dallas.

She said it's time to re-evaluate.

"I do think that - it might already be happening - it is time for NTTA and all the other stakeholders to come to the table and review where we are, and develop new plans or solidify the current one as perhaps the best alternative," she said.

"Once we do that, then we simply have to face what we have to face. It is not a fantasy that these things have come with additional costs."

Johnson said she'd soon ask each of the parties to meet - for the first time - with her all at once and go over the challenges associated with the project, and re-evaluate whether the city should reconsider its preference for where the toll road is built.

City officials said they hadn't yet received a request from Johnson to meet, but Leppert told The News that of course the city will continue to meet with its partners.

"The partners in the Trinity River Corridor Project have had ongoing conversations and meetings over the course of the project, and will continue to do so," he said.

"Clearly, as opportunities and challenges come up we will continue to meet, determine their impact on the project, and make any decisions that we all feel are best for the safety and future of our city."

He said the longer the delays, the more the project will cost.

"This is a large project," he said. "The cost will be determined by when we can move forward. Clearly, the longer we wait, the more costs will rise. And unfortunately, we do not control many of the steps required to get things moving."

Meanwhile, Johnson said the city will have to screw up its courage and face whatever costs are associated with the levee problems flagged by the corps.

She said it does no good to worry about whether the corps' complaints are too heavily influenced by the criticisms it took after Hurricane Katrina destroyed New Orleans' levees.

"I am not really sure there is a definite answer to that," she said. "At this point, we have no other alternative but to go with the corps' evaluation."

"Just to mention the word Katrina is very frightening - It's frightening to me. I am in Congress, but my heart is right here in Dallas. And the last thing I want to see is flooding all of downtown and commercial area on Stemmons. That cost would be far greater than any dollar amount we're talking about (with the fixes).

"I do think that is a real risk. . It is not a joke. We really are concerned."

The city will soon release plans for how to respond to those concerns, and talk about how to fund them. Johnson said she's willing to help, but finding money in Congress won't be easy.

"There are no firm answers as to where we would get the additional funds," she said, referencing the rising costs not just for the levee fixes but for other aspects of the project, too. "I am going to do whatever I can in Congress, but that lemon has been squeezed."

Ports-to-Plains Truck Reliever Route In Howard County 1 Step Closer To Reality (KOSA)

[KOSA-TV Odessa, TX](#), April 16, 2010

The proposed Ports-to-Plains Truck Reliever Route is one step closer to becoming reality.

As we told you earlier this year, TxDot submitted plans for the truck reliever route that will go around west and south Big Spring from FM 700 to Ranch Road 33.

The state has OK'ed the plans and TxDot is now waiting for the Feds to give the thumbs up.

It could take up to another 4 to 6 months until the Feds decide whether to green light or red light the plans.

Roy Dill from TxDot explains what will happen should the Feds give the green light.

"Once we get approval from them then we will proceed into a public hearing and schedule it. It could take as much as 6 months before we hear back from FHWA (Federal Highway Administration) and schedule it then."

Public forums will be necessary because the southern end will affect neighbors west and northwest of the 87-33 junction.

FEDERAL MOTOR CARRIER SAFETY ADMINISTRATION

Iowa Governor Signs Bill Allowing Heavier Trucks (LLMAG)

By Keith Goble

[Land Line Magazine](#), April 16, 2010

A new law in Iowa permits the largest trucks traveling along certain routes in the state to pack more freight. It takes effect July 1.

Currently, Iowa law permits six- and seven-axle vehicles hauling livestock or some construction loads, such as rock or soil, to weigh more than 80,000 pounds. Affected loads on six-axle vehicles can weigh up to 90,000 pounds while seven-axle loads can weigh up to 96,000 pounds. The heavier loads are permitted only on non-interstate highways.

Despite opposition from truckers, on Thursday, April 15, Gov. Chet Culver signed into law a bill authorizing all commodities loaded on trucks with six or seven axles to haul another 16,000 pounds. Loads on interstate highways will continue to be limited to 80,000 pounds.

Culver touted the benefits of fewer trucks, saying it would mean less wear and tear on roads.

Truckers say that justification is hogwash. The Owner-Operator Independent Drivers Association previously issued a Call to Action opposing the bill - HF2512 - because of concerns about letting heavier trucks loose on Iowa's roadways. OOIDA Executive Vice President Todd Spencer said the decision to pass the bill will only worsen the wear and tear on roads.

"What we're seeing here is an all-too-common example of how truck weights are ratcheted up. Exemptions are made for certain commodities and then the list is expanded to include other commodities," Spencer said.

Spencer pointed out that the roads these heaviest trucks will be running on weren't built for vehicles carrying that much weight. Resulting problems will include premature highway deterioration, increased maintenance costs and safety concerns.

He said there is a harsh reality awaiting highway users.

"It won't be long until the locals and others will be screaming about bigger trucks running on local roads, skinny highways and even residential areas and school zones. The result is likely to be increased enforcement, increased harassment and eventually considerably higher fees on all trucks."

NSTA, UMA Members Lobby Congress, DOT During Annual D.C. Meetings (SCHTRANNEWS)

By Ryan Gray

[School Transportation News](#), April 16, 2010

ALEXANDRIA, Va. - The National School Transportation Association and the United Motorcoach Association hosted a joint meeting for their members on Capitol Hill to discuss the highway reauthorization bill and several other pressing concerns of industry members.

Private bus company members of both associations, which share offices and administrative functions and partner on federal lobbying efforts, met with elected officials such as Rep. Howard Coble (R-NC), Rep. Michael Arcuri (D-NY) and with FMCSA Administrator Ann Ferro on federal legislation and rules governing school bus and motorcoach operations. Conversations centered on the SAFETEA-LU reauthorization, which expired last fall but has been extended through the end of this year. Also on the table were discussions about the federal fuel tax exemption, distracted driving, occupant protection, and the health care law, among others.

"I think it's important that every operator know they are a public utility, and it's important their elected representatives know how the rules and laws they pass affect them," said Ken Presley, UMA's vice president of Industry Relations. "We hope that even more operators can take time away from their businesses next year and come and invest that time talking to their elected representatives."

The day concluded with dinner and speaker Jennifer Duffy, senior editor of Cook Political Report, who enlightened and entertained participants with an inside look at the current U.S. political scene. The previous day, members were given the opportunity to meet one-on-one with their local congressional representatives or senators through pre-scheduled meetings.

Immigration Raids Center On Shuttles (NYT)

By Randal C. Archibold

[New York Times](#), April 16, 2010

PHOENIX - With sweeps on both sides of the border Thursday, American and Mexican authorities delivered what they called their most serious blow toward dismantling human smuggling organizations that have brought thousands of illegal immigrants to the United States.

The investigation, which used 800 law enforcement officers, the largest deployment in a human smuggling investigation, focused on what the authorities said were suspicious companies running shuttle vans that provide a crucial link in the transportation chain that moves illegal immigrants from the border to cities across the United States.

But the sweep was also the biggest example of what immigration agency officials said was a heightened effort to curb illegal immigration by focusing more on breaking up the criminal organizations that transport people and the businesses that facilitate these networks than on simply making large-scale arrests of illegal immigrants and deporting them.

"What we are trying to do is rip this thing out by the roots," John Morton, the director of the Immigration and Customs Enforcement agency, said in an interview here. "We are taking out the whole industry and giving such a shock to individuals that they won't recover as they have in the past."

While some 47 people were arrested Thursday, including some in Mexico in what officials called exceptional cooperation with officers there, only about 17 were illegal immigrants being smuggled, and some of them will be granted permission to remain in the United States to serve as witnesses in the case, Mr. Morton said. A similar raid in Houston in February included the arrest of 80 illegal immigrants found when the businesses were raided.

Mr. Morton acknowledged that the arrests would not end smuggling. That would be an ambitious goal: more people are ferried across the border here than in any other state. But Mr. Morton predicted the raid would disrupt a pipeline that has accounted for a "significant amount" of the illegal immigrants traveling deeper into the United States.

The announcement of the arrests, which focused on four shuttle van businesses in Tucson and one in Phoenix, comes at a time when the federal government has been under fire over its role and performance in immigration enforcement.

Two weeks ago, a rancher near the border was killed, and the police suspect he encountered a smuggler. An outcry has risen over whether the federal government is doing enough to secure the border. This week, the Arizona Legislature moved closer to adopting what is widely believed to be the most stringent immigration enforcement bill among the states, giving local police agencies broad powers to check people's legal status.

Immigrant advocacy groups on Thursday denounced what they called a climate of fear and criticized the ICE operation for coming at the same time as the legislation. A handful of protesters outside the United States attorney's office here chanted, "We are going to beat back John Morton's attack."

In response to their concerns, Mr. Morton said the agency's activity often generated "rumors and wild conjecture" but that no intimidation was intended.

Mr. Morton said the crackdown on the shuttle-service industry stretched back more than a year and was not related to the legislation or the anger over the rancher's killing.

But he reiterated the Obama administration promise to take up an overhaul of immigration law and said the arrests represented an effort to attack smuggling organizations by going after the leaders.

"That is what this is all about, border security," Mr. Morton said.

For nearly a decade, federal immigration authorities have been stymied by a fleet of shuttle vans, similar to those that carry people to airports and the like, that they say have operated under a veil of legitimacy.

When stopped, even if the passengers were found to be illegal immigrants, drivers would profess not to know the legal status of their passengers, and prosecutors doubted a charge would succeed.

"That has been a very hard defense to overcome," said Matthew Allen, who directs immigration and customs in Arizona. "Now, we have been able to get past that and show they do know."

Smugglers would guide people, typically on foot, across the border. A car or sport utility vehicle would pick them up and take them to Tucson, where in "very quick handoffs," an immigration official said, the immigrants would board the shuttle vans to Phoenix. From there, after having paid fees of several thousand dollars - \$75,000 in the case of some Chinese immigrants - to be taken into the United States, they would transfer to private cars and head to destinations across the United States.

Mr. Allen said that agents had made extensive use of surveillance, technology and leads from people in the United States and Mexico to build the case, which began about a year ago.

He said agents had recovered extensive records, including fake tickets the passengers would show law enforcement officers in case the van was stopped for an immigration check. In those situations, it has been difficult to prosecute the drivers because it was nearly impossible to prove they were aware their passengers were in the country illegally.

Agents on Thursday morning searched the offices of Sergio's Shuttle on a busy street lined with mechanic shops, bodegas and small businesses. Two vans, with a tiger emblem on the side, sat in front of an office that advertised a schedule to several cities on both sides of the border.

No one answered the phone number listed on the side of the van or the office.

Alfonso Quintero, who owns a muffler repair shop nearby, said he often saw people coming and going from the vans at all hours but nothing raised his suspicions.

"I didn't see anything illegal," Mr. Quintero said. "Looked like they just wanted a ride."

Immigration Raid Targets Vast Network (WSJ)

Authorities Arrest 47 Alleged Leaders of Human-Smuggling Chain Stretching From Mexico to Cities Throughout U.S.

By Miriam Jordan

[Wall Street Journal](#), April 16, 2010

PHOENIX—More than 800 federal agents fanned out across Arizona and other states Thursday to dismantle a loosely connected network that allegedly transported thousands of illegal immigrants from the Mexico border to cities across the U.S.

Authorities arrested 47 alleged leaders of the human-trafficking chain in raids at shuttle-bus operations and more than 50 houses where illegal immigrants were held by smuggling gangs. Mexican authorities arrested four high-ranking smugglers in the operation that stretched as far as Tennessee.

The operation, dubbed "In Plain Sight," was the largest human-smuggling enforcement action ever conducted by U.S. Immigration and Customs Enforcement, authorities said. It followed a yearlong investigation that involved collaboration between ICE and Mexican federal police, as well as the participation of the Federal Bureau of Investigation, and state and local law enforcement.

"We have dealt a severe blow to an alien-smuggling industry in Arizona that feeds thousands of aliens into the far reaches of the U.S., including New York, Chicago and Los Angeles," said ICE chief John Morton.

"There is no part of the chain left intact," Mr. Morton said. "Some of the transportation companies had been operating for more than a decade by assuming the appearance of legitimate businesses."

ICE officials said they had targeted a "confederacy" of loosely linked criminal syndicates that didn't answer to a central command or a sole kingpin. The groups operated as distinct business empires that smuggled illegal immigrants from Mexico through Arizona and beyond. Authorities said there was no evidence that the syndicates also smuggled drugs.

The recession, which has pummeled the economy of Phoenix, now the country's fifth-largest city, has inflamed passions over the cost of illegal immigration. Last month, the murder of a rancher near the border fueled new calls for tough measures.

Earlier this week, Arizona lawmakers passed a controversial bill empowering local police to check whether people are in the country legally and requiring foreigners to carry proper identification. Human-rights groups have pledged to challenge the bill in court.

Mr. Morton said Thursday's ICE-led operation wasn't connected to the bill passed by Arizona legislators, but added that heated local debate about the issue "highlights the need for federal immigration reform."

State Sen. Frank Antenori, a Republican who represents three Arizona counties near the border, said the ICE enforcement action doesn't solve the trafficking problem. "My constituents are fed up with traffickers coming through our communities," he said. "The federal government made a promise to secure the border...and that has not happened."

As the federal government has erected fences, walls and electronic surveillance equipment, and beefed up the ranks of border-patrol agents to deter illegal entry in Arizona, migrants desperate to sneak into the U.S. increasingly have turned to smuggling syndicates.

Hitting the smuggling network, rather than the immigrants themselves, is one of the hallmarks of Homeland Security Secretary Janet Napolitano's approach to border enforcement. Ms. Napolitano, a former Arizona governor, also has stepped up inspections of U.S. companies that hire unauthorized workers.

She has also traveled frequently to Mexico to develop alliances with authorities there and to promote intelligence-sharing and joint training to enhance enforcement tactics. Officials said that Thursday's raid relied heavily on cooperation with Mexican authorities.

Human smuggling into the U.S. has evolved into a multi-billion-dollar international business. Officials said the investigation revealed that Chinese nationals, who often spend months in different continents before reaching the U.S., paid smugglers as much as \$75,000 to be brought across the Mexican border and into Arizona. "This isn't just making one or two people rich. This is international organized crime on a grand scale," Mr. Morton said.

Using wire taps, electronic surveillance and undercover agents, the investigation pieced together the expansive smuggling infrastructure, whose cornerstone were several Tucson, Ariz., shuttle companies which authorities allege pretended to operate as legitimate transportation firms.

The shuttle services, which ran vans with company logos painted on the side, ferried illegal immigrants—who had sneaked across the Mexican border with other components of the smuggling chain—from Tucson to Phoenix.

"Everybody got a seat, a seat belt and a fake \$30 ticket," said Matt Allen, special agent in charge of ICE investigations in Arizona.

In Phoenix, shuttle drivers handed over the immigrants to smugglers waiting at parking lots and other strategic drop-off points. These smugglers typically kept the men and women at drop houses until their families back home had paid their smuggling fee, which ranged from \$1,600 to \$75,000, depending on their country of origin, according to investigators.

Once payment was secured, another network with dedicated drivers was charged with transporting the immigrants, often in private vehicles, to their final destination, investigators said. As many as 20,000 illegal immigrants are believed to have used the web of smugglers each year, said a person close to the investigation.

In Tucson, dozens of vans and hundreds of documents were seized from transportation companies.

Federal agents also detained 17 suspected illegal immigrants Thursday during the raid.

Authorities said they seized \$10 million of vehicles and property, as well as weapons including an AK-47 assault rifle.

Write to Miriam Jordan at miriam.jordan@wsj.com

CVSA Reschedules June Roadcheck To Avoid Memorial Day (TRUCKINFO)

By Newport Communications Group

[TruckingInfo](#), April 16, 2010

The Commercial Vehicle Safety Alliance has changed the date of its annual Roadcheck to June 8-10. The agency's annual enforcement program, which was originally scheduled for June 1-3, was changed because the previous date was too close to the Memorial Day weekend, according to reports by Land Line magazine.

If the event had followed Memorial Day weekend, it may have resulted in a lot of overtime for enforcement officers, the publication reported.

CVSA sponsors Roadcheck each year with the FMCSA, Canadian Council of Motor Transport Administrators, Transport Canada, and the Secretariat of Communications and Transportation in Mexico. The 72-hour Roadcheck is meant to emphasize the importance of safety to commercial truck and bus drivers. In 2009, the organization monitored about 17 trucks or buses every minute during the 72-hour period.

Last year's enforcement blitz focused on the North American Standard Level I inspection, and with 9,700 CVSA and Federal Motor Carrier Safety Administration certified inspectors at 2,148 locations, 57,013 of the 72,782 inspections were NAS Level I. This was a total inspection increase of 7.1 percent from 2008 and an 8.9 percent boost in NAS Level I inspections from 2008.

PennDOT Provides Information On School Bus Drivers (PM)

By Kurt J. Myers

[Pottstown Mercury](#), April 16, 2010

In response to your March 31 editorial titled "PennDOT waited until a tragedy to change policy," the statement is inaccurate and is not supported by the facts that demonstrate a long history of safety in transporting children by school bus in the commonwealth. While the requirements to become a school bus driver in Pennsylvania are too numerous to detail in this letter, as commercial drivers, school bus drivers must meet stringent requirements and are regulated by numerous state agencies and the U.S. Department of Transportation.

The facts show that in 2008, nearly 40,600 school bus drivers drove over 400 million miles transporting over 1.5 million children each day. There have been no school bus passenger fatalities in Pennsylvania in over 10 years. This is a clear testament to the proactive steps PennDOT has taken over the years to address school bus safety.

School districts and school bus contractors currently have the ability to obtain a certified copy of an individual's complete driving history when requesting records from PennDOT through the mail. To say these employers do not currently have access to an individual's entire driving history is incorrect. What is changing is employers who currently receive driver records from PennDOT through the Internet or wholesale providers will automatically receive a full driving history for the individual as opposed to a 10-year driving history.

Crash information currently appears on the records of all drivers. PennDOT is enhancing this important tool to further assist employers by adding crash severity information, i.e. fatality, injury or property damage only crash. Since crash data received by PennDOT has not been adjudicated to determine fault, as part of the hiring process, school districts and school bus contractors are responsible, as they have always been, to thoroughly investigate the circumstances surrounding the crash.

These additional tools will aid employers in the vetting of drivers as part of the hiring process.

FEDERAL RAILROAD ADMINISTRATION

Doyle, Amtrak Leaders Tout Wisconsin Train Plans (MJS)

By Larry Sandler

[Milwaukee Journal Sentinel](#), April 16, 2010

Gov. Jim Doyle and top federal railroad officials predicted Thursday that expanded passenger train service will be successful in Wisconsin, while labeling criticism of the plan as politically motivated.

By adding new trains to the existing Milwaukee-to-Chicago Hiawatha line and expanding service to Madison, and eventually the Twin Cities, Doyle said Wisconsin "will demonstrate to the entire country what passenger rail is about. ... We will be able to run one of the great, great rail services in the United States."

The federal government has awarded the state \$810 million in stimulus money for the Milwaukee-to-Madison route, which would start at 79 mph in 2013 and reach 110 mph by 2015. Additional federal money will go to upgrade Hiawatha service and plan for service between Madison and Minneapolis-St. Paul. Separately, the state has a \$43.6 million deal with Talgo to buy two new trains for the Hiawatha, with an option to use part of the federal money for two more trains for the expanded service.

But both of the major Republican candidates for governor, Milwaukee County Executive Scott Walker and former U.S. Rep. Mark Neumann, say they could shut down construction of the Milwaukee-to-Madison line if state taxpayers have to pick up any operating costs. Critics also have questioned whether ridership will be limited by plans to build the Madison station at Dane County Regional Airport instead of downtown Madison, and have attacked the no-bid deal with Talgo to build the trains.

Referring to the "no one will ride it" charge that critics hurl at this and other passenger rail plans, the outgoing Democratic governor said, "I know for political reasons that people make these statements, but it's just not accurate." Studies show the new line will draw riders not just between Milwaukee and Madison, but as part of the Hiawatha route and of a planned larger Midwestern network of fast, frequent trains, Doyle and Amtrak officials said at a news conference at Milwaukee's downtown Amtrak-Greyhound station.

Amtrak's chief executive officer, Joseph Boardman, said, "There's always been the tired, worn-out argument that, 'Gee, why do we need something like this?' We need it for balanced transportation. ... There are interests that don't want it balanced. The public has decided they want it balanced." Boardman pointed to projections that the extension to Madison would boost Hiawatha ridership from 741,781 last year to more than 1 million by 2013.

Amtrak Board Chairman Thomas Carper said the extension would build on the success of the Chicago-to-Milwaukee service, which he called one of the national passenger railroad's "top 10 corridors." The Hiawatha ranked eighth in ridership among Amtrak routes for the federal fiscal year ending Sept. 30, 2009. Among similar short- and medium-range routes, it ranked third in on-time performance, with 87%, Amtrak spokesman Marc Magliari said.

Plans For High-Speed Rail Draws National Attention (WISN)

[WISN-TV Milwaukee](#), April 16, 2010

MILWAUKEE -- Wisconsin's plan to build a high-speed rail line is capturing national attention.

Members of the Amtrak board visited The Milwaukee Intermodal Station downtown and learned more about the state's plans to create high speed rail between Chicago and Madison through its Hiawatha line.

"If you complete this activity, this expansion, you're going to have record ridership," said Amtrak President and CEO Joseph Boardman.

For Milwaukee, this means added mobility and an improved economy.

Wisconsin is getting more than \$800 million in federal stimulus dollars for the project, which is expected to be up and running by 2013.

State Sets Sights On High-speed Track To Minneapolis (DR)

By Sean Ryan

[Daily Reporter \(blog\)](#), April 16, 2010

Wisconsin will apply for the latest round of federal high-speed rail grants, but the state will face stiff competition.

The U.S. Department of Transportation in early March set a May 19 deadline for states to apply for the new round of high-speed rail grants. Wisconsin will apply for federal grants from that pool to pay for planning and engineering of a high-speed rail

route between Madison and Minneapolis, said Christopher Klein, executive assistant to Wisconsin Department of Transportation Secretary Frank Busalacchi.

"We will apply for everything that's available," Klein said.

WisDOT planners want to be ready to begin engineering the route to Minneapolis once construction of the Madison-to-Milwaukee line is complete, Klein said. The Madison-to-Milwaukee project is scheduled for completion in early 2013. The project is part of an envisioned high-speed rail line connecting Chicago and Minneapolis.

VISIT OUR PROJECT PROFILE PAGE FOR STORIES, VIDEOS AND PHOTOS FROM THE HIGH-SPEED RAIL PROJECT IN WISCONSIN

Klein said the ability to shift immediately between projects depends on getting the money. The federal grant money available now includes more than \$50 million for planning new routes.

States applied for more than \$55 billion when the U.S. Department of Transportation accepted applications for the \$8 billion in high-speed grants included in the stimulus package. Wisconsin should expect a crowded field to compete for the new round of grants, said Marc Magliari, Amtrak media relations manager.

States such as Illinois and Michigan that did not receive everything they requested could be back in the hunt, he said.

"The \$8 billion was oversubscribed by a huge factor," he said, "and some of those states whose applications weren't accepted are working to improve those applications and reapply."

In January, Wisconsin received \$823 million in stimulus money to build high-speed rail service. The grants include money to begin planning for the Madison-to-Minneapolis line, Klein said.

"That's the start of the process, the start of the data collection," he said, "but a full engineering study will need to be done."

Representatives from Amtrak and the Federal Railroad Administration visited Milwaukee on Thursday to talk about the track improvements the state will build with those grants. After the meeting, Joseph Szabo, Federal Railroad Administration administrator, and Wisconsin Gov. Jim Doyle stressed the importance of extending the Madison-to-Milwaukee route on to Minneapolis.

"This is a market that needs to be served," Szabo said of the track between Chicago and Minneapolis. "It has tremendous potential."

Amtrak Changing Routes (WHEC)

[WHEC-TV Rochester, NY](#), April 16, 2010

Amtrak is making some changes. The company is looking to change 15 different routes to make them less inconvenient for travelers to board. Right now, some of the routes have passengers boarding in the middle of the night.

This comes as the country's only major passenger train system is looking to have record ridership this year. Amtrak says higher fuel prices and an improving economy are helping ridership remain high.

Council Approves Funding For Amtrak Study (PROVHIL)

By Linda Blaser

[Proviso \(IL\) Herald](#), April 16, 2010

The Lake Forest City Council agreed 6-1 to hire Quandel Consultants to conduct a study of potential Amtrak ridership should a Hiawatha Chicago to Milwaukee stop be established at the Telegraph Road Train Station in Lake Forest.

Following a 35-minute discussion on the item, which was pulled from the normally routine consent agenda at its meeting on April 7, the council agreed to approve \$20,662 toward the study. The Conway Park Business Owners committed to fund 50 percent of the feasibility study and will provide \$20,000 toward completion of the study, whose overall cost is \$40,662.

The lengthy discussion ensued when aldermen questioned whether the city would end up paying the entire \$116,000 for the three-phase project should the ridership figures warrant establishing Hiawatha stops in Lake Forest. Aldermen also questioned how much safety will be affected since another Amtrak train, the Empire Builder, will continue to travel through Lake Forest at high speeds without stopping.

'Roll of the dice'

"I don't have a lot of faith in the state of Illinois right now because they haven't lived up to one obligation they made with us in the past 10 years," First Ward Alderman and Finance Committee Chairperson David Grumhaus said. "My fear is the numbers will look good, we'll commit to phases two and three, spend another \$85,000 and submit it to some bureaucratic state agency and it will be a roll of the dice. It will be no different than the Parks and Recs grant we thought we had three years ago and are still awaiting payment on."

"I don't think in this situation I'm willing to do that."

"We've been told all transportation money is at the fed level, that's probably a more likely source of funding for future stops and improvements," said City Manager Bob Kiely. "We need to have baseline data to have that conversation with them."

'Shop around'

Kiely said that if the data shows Hiawatha stops would be viable for the area, the city can "shop around" the idea to other agencies, including the Wisconsin Department of Transportation, and businesses to help cover the full cost.

"If we don't do this, we can't move this thing off center," said Mayor Jim Cowhey. "There are two reasons we're looking at this. One, we lost three individuals at this train stop over last year. I'm not putting a number on safety. I think we need to look at that and I think we have an obligation to do something. Two, there is an economic incentive to do this. If we can get a stop in Lake County, we open up a corridor between us and Wisconsin to attract employees to this area. To me, \$20,000 is not a big number to risk at this point in time."

Three commuters were struck and killed at the Telegraph Road Train Station; all were struck by oncoming Amtrak trains that do not stop at the station. Amtrak trains stop in Glenview, the only suburban stop presently.

Part of the plan for improving safety at the stop is to construct an underground pedestrian passage at the Telegraph Road Station for commuters to get safely to the west side of the tracks.

Alderman Stuart Widman cast the sole no vote on the study.

"I'm voting no, because I don't really think this ultimately is going to end up (answering) a safety question," Widman said.

Fourth Ward Alderman Robert Palmer was absent.

Governor Derails Genoa's Dreams For Amtrak (COUNEWS)

By Dave Gathman

[Courier \(IL\) News](#), April 16, 2010

An unexpected about-face on the route to be used for new Chicago-Dubuque Amtrak train service leaves Genoa- and South Elgin-area leaders feeling bewildered.

But the decision makes it more likely that a new Metra commuter service could be set up in coming years from Elgin through Gilberts and Huntley to Belvidere and Rockford.

Government and chamber of commerce leaders from Genoa, DeKalb, Sycamore and DeKalb County had engaged in a passionate lobbying battle last fall against their counterparts in Belvidere, Rockford, Boone County and Winnebago County. The stakes involved which route the proposed Amtrak service should take between Chicago and Rockford.

The Genoa-DeKalb group wanted the once-daily-in-each-direction train to follow a Canadian National line, with stops in South Elgin and Genoa. The Belvidere-Rockford leaders favored using Metra's Milwaukee West line and a Union Pacific line, with stops in Bensenville and Belvidere. A train on the latter route would pass through Elgin but, according to preliminary plans, would not stop in Elgin.

The Illinois Department of Transportation at first applied for a federal stimulus grant to fund the track changes and any station construction needed. When the deadline to apply for that grant came last October and the two sides were still arguing, IDOT Bureau of Railroads chief George Weber decided to specify on the grant application that the train would follow the South Elgin-Genoa route. That's because a 2007 study that Amtrak conducted of possible routes had concluded that the South Elgin-Genoa route would be cheaper and attract more riders.

Even after federal officials turned down the grant request this past winter, Genoa and South Elgin officials remained confident that the state had decided in their favor. So they were shocked March 29 when Gov. Pat Quinn, making a campaign stop in Rockford, told a crowd there that "I believe in rail, and we're going to have passenger rail from Chicago through Belvidere, through Rockford and on to Dubuque," according to a Rockford newspaper account.

The route was picked, I believe, last week by the Illinois Department of Transportation," Quinn reportedly told a Rockford reporter. He reportedly said the Union Pacific would be brought up to Amtrak's requirements with \$60 million carved out of the state's capital funds budget.

IDOT's Weber could not be reached for comment. But IDOT spokeswoman Marisa Kollias confirmed Wednesday that the Amtrak route will go through Elgin and Belvidere, not South Elgin and Genoa. However, while Quinn reportedly had said it was IDOT officials who had decided on the change, Kollias said that "the governor made the decision, and we support the governor's decision."

Genoa Village Administrator Joe Misurelli said Wednesday that his city was never officially notified about the new route decision. "We call the governor's office, and they say to call IDOT. We call IDOT, and they say to call the governor's office."

"We'll keep working on this," Misurelli said. "The Canadian National route would have at least 600,000 more people living within 15 miles of its stations. Amtrak's own study says it would be the cheapest and fastest to put into operation and would be the cheapest to operate."

Amtrak spokesman Marc Magliari said Wednesday that because the state will be paying the bills for track upgrades and a yearly operating subsidy, Amtrak will run the train on whatever route the state wants. He said it also will be up to state officials to figure out how soon the construction can begin.

Many of the track, signal and station improvements needed for Amtrak to use the Metra West-Union Pacific route also would be needed if Metra would start a long-discussed commuter service from Elgin through Gilberts and Huntley to Belvidere and Rockford. Both Dubuque-bound Amtrak trains and any Rockford-bound commuter trains would follow the Metra-owned Milwaukee West commuter line from Union Station to just beyond the Big Timber station in Elgin. Then they would cross onto the one-track Union Pacific line that parallels the Metra line there and would follow the Union Pacific line through Gilberts and Huntley to Belvidere and Rockford.

To do that, a new connecting track would have to be built in Elgin between the Metra line and the Union Pacific line. The Union Pacific line also would need to add electric stop-go signals, sidings to enable oncoming trains to pass each other, new track in some areas and some new stations. But if all those items were installed to handle the Amtrak service now, they would already be in existence when and if Boone and Winnebago County join the Regional Transportation Authority and Metra decides to start Rockford commuter service.

Moody's Upgrades Amtrak Amid Recent Ridership Gains (WSJ/DJ)

By Jodi Xu,

[Wall Street Journal/Dow Jones](#), April 16, 2010

Moody's Investors Service on Thursday raised its ratings on Amtrak, the sole provider of passenger rail service across the U.S., by one notch on increasing government support and improved ridership.

The ratings agency said the upgrade, to A1--four steps below Aaa--noted government subsidies totaled \$1.49 billion in fiscal 2009 and will reach \$1.56 billion for the year ending Sept. 30. They have steadily increased along with passenger revenues, and Moody's expects the trend to continue.

Amtrak's proved ability to ride through the recession also contributed to the revision. After a 5% drop in ridership last year amid the recession, largely due to declines at the Acela high-speed service in the Northeast, Moody's said demand has been recovering this fiscal year. It rose 4.3% in the first half to a new high.

The agency, however, also pointed out the challenges that Amtrak faces, such as a lack of independent funding sources other than government subsidies and high labor costs. It has consistently operated in the red and had a \$132 million loss last year.

Moody's has a stable ratings outlook on Amtrak amid expectations that federal funding will remain "adequate" and that ridership gains and cost containment will continue.

Effort Under Way To Repeal High-speed Rail Bond Measure (MERCN)

By Mike Rosenberg

[San Jose Mercury News](#), April 15, 2010

Officials in five cities will consider whether to throw their weight behind an effort to ask California voters to repeal the bond measure that launched the high-speed rail project.

Such an endeavor would be difficult and time-consuming, and local officials and residents should instead strive to make sure the project is done right, rather than not at all, said Menlo Park Mayor Rich Cline, who heads the group that will consider the idea.

Cline agreed to place the item on the agenda for the Friday meeting of the Peninsula Cities Consortium, which also includes the mayors of Burlingame, Belmont and Palo Alto, and an Atherton councilman. The cities formed the consortium one year ago to unify their high-speed-rail concerns.

Cline said he has noticed a small increase in the number of local residents who want to try to repeal Proposition 1A, the \$9.95 billion high-speed-train bond approved in November 2008 with 52.7 percent of the vote. He received a letter from Menlo Park resident Morris Brown asking for the consortium to discuss whether to form a subcommittee that would consider trying to change or repeal Proposition 1A.

"There's more people whispering about it," Cline said. "There's a growing group of people who feel they're not alone in their concern."

But he noted that in the year since the consortium was formed, none of the city leaders on the panel have asked the group to consider repealing Proposition 1A. Personally, although he is willing to allow his colleagues on the consortium to discuss the idea, Cline does not see the value in trying to nullify the bond.

"We have to continue to look at how to form this thing when it comes rather than look at ways to undermine it," said Cline, who was an opponent of Proposition 1A. "That's always been my position; I am respectful of elections."

It would be an uphill battle for a Proposition 1A appeal to reach the ballot.

It is too late to gather signatures for the measure to make the November election, and even an overwhelming Peninsula movement would require significant aid from across the state to gather enough signatures to make the next election, in 2012. Backers of a measure that would overturn a prior approved measure currently must get nearly 700,000 registered voters to sign their petition to make the ballot.

Brown, though, said he has been getting many e-mails since he broached the idea.

"We feel there's a lot of people upset with the way the project is going along," said Brown, who figured a signature-gathering campaign would cost \$1 million. "I don't know how you start something like this. The idea is to at least take a look at it and see how much grass-roots support you could get for it. But it is daunting, to say the least."

It appears unlikely that the Legislature, which put Proposition 1A on the ballot, would ask residents to revote on a measure they already approved.

There is a bill in the Assembly, however, that, if approved, would essentially strip the high-speed train project of its Proposition 1A funding. AB 2121, by Assemblywoman Diane Harkey, R-San Juan Capistrano, is scheduled for its first hearing in the committee on transportation Monday.

Peninsula Cities To Consider Repealing \$10B High-speed Rail Bond (SFBIZ)

By Eric Young, San Francisco Business Times

[San Francisco Business Times](#), April 16, 2010

Officials from five Peninsula cities on Friday will consider whether to back an effort to repeal the initiative that kicked off California's bullet train project.

The move comes in response to a few Peninsula residents saying they want to revoke Proposition 1A, the \$9.95 billion high-speed train bond approved in 2008, said Richard Cline, mayor of Menlo Park, one of the cities comprising the Peninsula Cities Consortium.

The Peninsula Cities Consortium has regular meetings to study and comment on how the project will impact the region. The other cities in the consortium are Burlingame, Belmont, Palo Alto and Atherton.

Since its formation, the Peninsula Cities Consortium has not advocated overturning Prop. 1A. Instead it has held public sessions to inform residents about the project and has discussed concerns with the California High-Speed Rail Authority, the state-chartered body overseeing planning, financing and construction of the \$42 billion project.

The high-speed rail authority is planning to have the bullet train traverse the Peninsula parallel to the existing Caltrain route on its own set of tracks. The overall project would link the Bay Area with southern California and could be operational by 2020.

Environmental Report On Bullet Train Section In Los Angeles Delayed (AP)

[Associated Press](#), April 16, 2010

SANTA ANA, - An environmental impact report on a proposed bullet train between Los Angeles and Anaheim is being delayed but state officials say that won't affect \$2 billion in federal funding.

Publication of a draft report will be delayed from May until next January while the California High-Speed Rail Authority deals with concerns from cities about the route.

On Wednesday, state officials said pushing back publication of the impact report won't affect the promised federal stimulus funding.

The 220-mph train would run from San Diego to Sacramento by 2026. The first phase of the \$43-billion project would run from San Francisco to Anaheim by 2020.

High Speed Rail Still Miles From Chattanooga (WTVC)

By Lindsay Jackson

[WTVC-TV Chattanooga, TN](#), April 16, 2010

The future of travel is changing- Tennessee's planes, trains and automobiles will soon be challenged by a high speed rail.

"We're gonna be a high growth area in our judgement. And in order to ensure our mobility, to be what we want it to be, to be able to move the way we want to be able to, I think we've got to have high speed ground transportation," said Joe Ferguson.

Ferguson is in charge of Special Projects for the Enterprise Center. He has been working on the project for over 4 years and believes a high speed rail system is the future of transportation in our area.

"From the regional standpoint, if you look at 10, 15, 20 years, what's gonna happen between Atlanta and Chattanooga, it's gonna be steady growth. Some of those counties will see high growth areas," said Ferguson.

Ferguson says Chattanooga is already seeing growth due to Volkswagen and other industries that have recently moved to town. The first part of the project will connect Chattanooga and Atlanta. The hour and a half drive between the two cities will be cut to just 38 minutes on the rail system. They are looking to the rail systems already in place in China, Japan, and Germany that travel at speeds upwards of 180 miles per hour- it's an alternative option for those frequent fliers.

"I think people would love an option to flying. You're not gonna take rail if it's a Chattanooga to Los Angeles trip. But you sure as heck would take high speed rail if it were Chattanooga to Memphis., if it were Chattanooga to Louisville. Those middle ground trips," said Tom Dugan, the Executive Director of CARTA.

"I absolutely would. I think it's probably a cost driven issue. I'd like to know what the charges would be. But because of the inconsistencies of local airlines, namely ASA, I'm often looking for alternatives," David Sherlin who flies weekly for work.

The totally cost of this project is nearly \$5 billion and Ferguson says hundreds of jobs would be created. But, he says it could be several more years before construction on the rail system begins. The future of this plan is to eventually run the rail north to Chicago and south to the Savannah port. Ferguson believes connecting the busiest airport with one of the busiest ports will be critical in years to come.

A Rail Mess Out Of Penn Station (WNBC)

[WNBC-TV New York City](#), April 16, 2010

Rail service in and out of New York Penn Station was experiencing severe disruptions due to Amtrak signal problems in New York, officials said.

According to NJ Transit officials, Midtown Direct trains are being diverted to Hoboken Terminal. PATH, Hudson-Bergen Light Rail and buses are cross-honoring rail tickets and passes

On the LIRR., there were 15-20 minute delays out of Penn Station with some canceled trains as a result of the signal and switch problems at the terminal, officials aid.

Additionally, westbound service to Penn Station was ending at Jamaica.

NYC Transit will cross-honor LIRR fares at Jamaica to Penn Station.

New Jersey Transit Says Penn Station Rail Service Suspended (BLOOM)

By Greg Chang

[Bloomberg News](#), April 16, 2010

Rail service into and out of New York Penn Station is temporarily suspended because of Amtrak signal problems, New Jersey Transit said in an e-mail.

Disabled Train Crossing Arm Blocks Oakland Traffic (MERCN)

By Bay City News

[San Jose Mercury News](#), April 16, 2010

OAKLAND - A disabled crossing arm blocked traffic at railroad crossing near Oakland's Jack London Square for nearly two hours this morning, a Union Pacific spokesman said.

At about 7:25 a.m., Union Pacific officials received a report that a crossing arm was down and blocking traffic at the intersection of Oak Street and Embarcadero West, spokesman Aaron Hunt said.

The crossing arm was stuck in the "down" position due to an underground cable that had been inadvertently pinched by a track tamper, a machine that packs the material on which the tracks sit, Hunt said.

Crews responded and got the equipment working again by 9:15 a.m., he said.

Train service was not affected, but traffic was backed up at the intersection, Hunt said.

An incident like this "doesn't happen very often fortunately," he said. "Those crossing arms are pretty reliable."

NJ Transit Trains Delayed By Amtrak Signal Problems Around N.Y. Penn Station (NJCOM)

By James Queally

[NJ.com](#), April 16, 2010

Daniel Hulshizer/The Star-LedgerCommuters pack Newark Penn Station during a long delay in August. Amtrak signal disruptions at New York-Penn Station earlier this afternoon are expected to cause long delays for commuters again this

evening. NEW YORK CITY - Amtrak signal problems emanating from New York Penn Station are causing heavy delays for NJ Transit commuters tonight, an agency spokesman said.

The malfunction impaired Amtrak's ability to move trains in and out of Penn Station, according to NJ Transit spokesman Dan Stessel, knocking several New Jersey rail lines out of service for about an hour.

Amtrak dispatches NJ Transit lines out of Penn Station. The Newark East, North Jersey Coast and Midtown Direct lines were all out of service between 4:30 p.m. and 5:30 p.m., according to Stessel. The Midtown Direct service line services the Montclair-Boonton, Morris and Essex rail lines.

Commuters should expect delays of up to an hour, according to Stessel, but service should return to on or close to schedule between 8 and 9 p.m.

Program Reduces Accidents At Railroad Crossings (PPG)

By Jon Schmitz, Pittsburgh Post-gazette

[Pittsburgh Post-Gazette](#), April 16, 2010

Jimmy Trimble loosed four blasts of the whistle on his Norfolk Southern locomotive as it rumbled toward a crossing at The Waterfront in Homestead.

As the train continued south on its way to Brownsville, Mr. Trimble was on the horn again and again, repeating the federally mandated cadence: long blast, long blast, short blast, long blast.

Nearly 50 times the train rolled through crossings in towns like New Eagle, Monongahela and Roscoe, where trucks, cars and pedestrians cross paths with trains every day.

That's 50 opportunities for recklessness and disaster.

Vehicles collided with trains 1,880 times in the U.S. last year, with 248 killed. In Pennsylvania, it happened 46 times with one fatality.

"In my opinion, that's still one too many," said Jack Hubbard, state coordinator of Operation Lifesaver, a campaign to raise awareness about the dangers inherent at the state's 4,200 at-grade railroad crossings.

Mr. Hubbard and officials of Norfolk Southern, which hauls 35 million tons of coal out of the Mon Valley in a typical year, hosted a 120-mile roundtrip for state and local officials on Wednesday. The train pulled two 1949-vintage passenger coaches that were equipped with TV monitors showing an engineer's-eye view.

Even at 40 mph, grade crossings seemed to fly by in the blink of an eye. On this day, no one tempted fate by crossing in front of the train -- a good thing, because by the time a crossing is in sight, it's usually too late for the train to stop.

A loaded train doing 55 mph needs more than a mile to come to a halt -- maybe a bit less if it's pushing a sedan down the tracks.

Carl K. Hvozda of Homer City, one of about 70 volunteers who do presentations on railroad safety at schools, senior citizens centers and other places around the state as part of Operation Lifesaver, recalled an incident of derring-do that his group wants to discourage.

He was third in line at a crossing where the lights and gate were activated, and a motorist pulled out from behind him, went around the gates and crossed the tracks.

Asked if he'd seen any close calls while riding trains, Mr. Hvozda said "if I can see [the driver] and he crosses, that's a near-miss."

Operation Lifesaver, founded in 1972, can toot this success: Since its birth, the number of collisions between vehicles and trains has fallen from about 12,000 per year to last year's 1,880 -- an 84 percent decline.

A bigger present-day problem, however, is trespassers. Last year, 434 were killed in the U.S. while walking on or near railroad lines, 29 of them in Pennsylvania.

Jon Schmitz: jschmitz@post-gazette.com or 412-263-1868.

Urban Rail Presents Crossing Hazards (PITTR)

[Pittsburgh Tribune-Review](#), April 16, 2010

Trains struck more than five vehicles and pedestrians a day at U.S. railroad crossings on average last year, killing or injuring 936 people, federal statistics show.

The good news: For the first time since the Federal Railroad Administration began publishing data on such collisions in 1975, the number of people killed or injured dipped below 1,000. A record 5,855 people were killed or injured in both 1976 and 1977.

"There's plenty of room for improvement," said Jack Hubbard, state coordinator for Operation Lifesaver, a national group that promotes railroad safety. "Obviously, the number we want is zero."

On Wednesday, Hubbard led a group of more than 100 government officials, emergency personnel and others on a 120-mile round trip between Downtown and West Brownsville in Washington County. The trip, along a Norfolk-Southern line used primarily for hauling coal, gave Hubbard a captive audience to talk to about reducing vehicle collisions and trespassing on railroad property.

Although deaths and injuries from vehicle-train collisions have declined over the years nationally and statewide, the number of people killed while trespassing on railroad property has risen each of the past five years in Pennsylvania. Federal statistics show there were 15 such fatalities in 2005; 18 in 2006; 27 in 2007; 28 in 2008; and 30 in 2009.

"Pennsylvania is right near the top of the list. It's a state with a lot of rail activity and a lot of congested urban areas," Norfolk-Southern spokesman Rudy Husband said. Pennsylvania has the nation's most freight railroads, with 58, and the fifth-most miles of rail, with more than 5,000.

Husband said stepped-up enforcement by authorities can help decrease the numbers, but some people always look for shortcuts, trespassing onto railroad property and illegally crossing tracks. As the train barreled to West Brownsville, Husband pointed out a spot in Homestead where several people were killed trying to cross tracks illegally near The Waterfront retail and entertainment complex -- despite the fact that a legal crossing is just a short walk away.

Pennsylvania has more than 4,200 railroad crossings where motorists can come into the path of trains -- as opposed to crossings that take motorists under or above tracks. Allegheny County has the most of any county in the state, with 462.

About half the state's crossings have gates, flashing lights or bells to control traffic. But the remainder are considered "passive" because they don't have any traffic-control devices or have only a simple railroad crossing sign.

The Federal Railroad Administration keeps data -- including train volume and speed, vehicular traffic and accident history -- to predict the likelihood of a vehicle-train collision at a particular railroad crossing in the coming year. In Pennsylvania, for example, the agency says there is at least a 1 percent chance of a collision at 127 railroad crossings. More than a third of those intersections, or 43 of them, have no gates, flashing lights or bells to control traffic.

"Adding lights, gates or other devices at those crossings would be ideal, but we have limited funds and resources," Hubbard said.

PennDOT spends roughly \$7 million a year to install traffic-control devices at passive crossings considered the most dangerous. With average costs of such work about \$200,000 per project, Hubbard said, the state has enough cash to perform work on 30 to 35 crossings a year -- a small fraction of the 2,200 passive crossings statewide.

Several riders said the train tour was an eye-opening experience.

"It definitely gave us something to think about. Normally, you don't think about it until something bad happens," said Butler County District Attorney Rich Goldinger.

Burleson Cracks Down On Illegal Train Crossings After Series Of Deaths (Star-Telegram)

[Fort Worth Star Telegram](#), April 16, 2010

Don't ignore flashing lights, bells and other warnings when approaching railroad crossings.

It could mean your life.

And in Burleson on Thursday, officials were working to get that message across.

After three fatalities at railroad crossings in about a year, the Burleson Police Department, along with the Union Pacific Railroad, conducted an enforcement operation at the Alsbury Boulevard and Renfro Street crossings in Burleson. Nine drivers were cited for ignoring the warning signals, receiving a ticket that carries a \$176 fine.

"This is a public safety issue, and the Burleson Police Department and the Union Pacific Railroad are working together to educate the public in hopes to prevent any future tragedies in our community," said Cmdr. Chris Havens of the Burleson Police Department.

Of the three fatalities reported during the past year, two involved trains colliding with vehicles on the tracks and one involved a man laying on the tracks.

On March 8, Lewis Baskett, 46, of Burleson died when he was hit by a train at Rudd and North Commerce streets under the Texas 174 viaduct. Baskett was laying on the tracks, and the engineer on the empty Union Pacific freight train could not stop the train in time.

On Dec. 8, Bernie Blackwell, 48, of Burleson died when his Jeep was struck shortly before noon at Farm Road 731 North and County Road 921. He ignored the lights, bells, horn and crossing arms.

And May 8, Brandon L. Goodson, of Burleson was killed when he drove his sport utility vehicle around another vehicle stopped at the crossing at Alsbury, ignoring the lights and bells. A passenger in the SUV was critically injured.

In 2009, there were 56 fatalities in Texas, according to the Federal Railroad Administration. Nationally, there were 248 deaths and 1,887 collisions involving trains and vehicles, the agency reported.

Warren Flatau, senior public affairs specialist for the administration, said Texas is among the states with the highest number of incidents at railroad crossings, possibly because of the numbers of vehicles and railroad crossings.

And, while the number of injuries and fatalities at railroad crossings throughout the country are down from previous years, "they are still unacceptably high," he said.

FEDERAL TRANSIT ADMINISTRATION

CTA To Unveil New Rail Cars (CHIT)

Trains will feature slightly fewer seats that face wider aisle

By Jon Hilkevitch, Tribune Reporter

[Chicago Tribune](#), April 16, 2010

New CTA rail cars decked out mostly with center-facing seats to pack in more rush-hour commuters will enter service next week, transit officials announced Thursday.

The new cars will replace trains that have knocked around Chicago since 1969 and will be capable of going 70 mph, though they will be limited to the current 55 mph limit.

The first 10 rapid-transit cars that are part of an order for 406 new trains, set for delivery through 2013, have undergone testing on the CTA system since last year. The testing will continue, but now with passengers on board. The trains will carry their first passengers on the Red Line, officials said.

CTA officials previewed the new trains for reporters Thursday afternoon at the agency's Skokie Shops rail maintenance facility. During a ride along a test track, the most noticeable difference was a rapid acceleration.

The new rail cars will replace aging equipment that is prone to break down, expensive to maintain and vulnerable to safety failures, including doors that occasionally open while trains are moving, riders have told CTA officials.

Officials said they hope riders notice the smoother ride and the enhanced communications system on the shiny new fleet. Passengers will also see seven security cameras on board each train - a first on CTA trains - and electronic displays showing upcoming stations and other travel information.

Transit officials plan to solicit feedback from customers about the quality of the ride produced by an improved propulsion system, as well as seek opinions on the "bowling-alley-style" seating, which creates space for a wider aisle than on the old trains.

The maximum capacity of the new cars will be 123 passengers, seated and standing, according to the manufacturer, Bombardier Transportation. That's 20 to 30 more passengers than can be squeezed into a current CTA car.

The 10 prototypes have 34 regular seats - all facing the aisle - and four forward-facing seats that can be folded down for access by two wheelchairs, Bombardier said.

CTA President Richard Rodriguez acknowledged the new interior design will result in many passengers having to stand during their trips.

"The one thing I have learned by having been born and raised in the city of Chicago is that the citizens of this city are pretty sturdy and have become accustomed to a lot," Rodriguez said. "I don't think the seating configuration is a negative."

The 42 5/8-inch-wide aisle provides more room for passengers with luggage, backpacks, bicycles and strollers, officials said.

But the new trains, with 38 seats, offer up to eight fewer seats than some of the old CTA trains that will be sold for scrap as the new equipment arrives.

"We will gauge customer reaction" to the change, Paul Fish, the CTA's vice president of budget and capital finance, told the transit agency's board on Wednesday. "If we don't like it, we can do a change order."

The aisle-facing benches are standard in New York City subways, but those trains are longer and wider than the CTA fleet. That change might create a different riding experience, particularly for standing passengers.

In addition, the new trains will be the first CTA rail cars outfitted with electronic maps and destination signs that show the train's location on the route, the next station and, in the future, travel-time estimates.

In an emergency, passengers will be able to activate the security video by pressing a panic button inside each car, officials said. The train operator, CTA dispatchers and police will be able to view the video as the camera rolls, to respond to crimes or other emergencies, officials said. But for now, the video feeds are stored in the camera.

Called the 5000 Series, the new cars will be manufactured at Bombardier's factory in Plattsburgh, N.Y., under a \$674 million deal.

The new cars will be equipped with an "active suspension system" to ensure that the car floor is level with the platforms at stations so passengers can board and exit easily, Bombardier said. Other features include glow-in-the-dark floor strips and safety signs; sensitive door sensors that detect obstructions and pop open if a person or object is caught in a closing door; and an event recorder, similar to the "black boxes" on airplanes, to capture mechanical and operational data.

Once the CTA settles on a final configuration and specifications, mass production will begin, probably next year, Fish said. About a dozen trains will be made each month, culminating in a full delivery in 2013, he said.

The CTA has also signed an option for 300 additional cars later if the money for them is available.

The prototypes of the new trains, which have exteriors similar to the existing CTA rolling stock, have been tested on the CTA system for the past year to provide information on how they will handle in different conditions, from freezing winters to hot, humid summers.

So far, the trains have run empty or with sandbags and CTA employees on board to simulate loaded cars. During the testing, CTA rail operators have received training to help them learn how to best use the new model.

The trains operate using alternating current to power the traction motor propulsion system. It is designed to help produce more gradual braking and smoother accelerations than the direct-current power technology on all other CTA trains.

Benefits include quieter, more comfortable rides and lower operating and maintenance costs, CTA officials said. Until the new cars arrived, the CTA was the last major U.S. transit agency still operating solely on direct current electrical propulsion.

Maximum train speeds of 70 mph will be possible, up from the current limit of 55 mph, officials said. Elimination of most rail slow zones will facilitate higher train speeds, although CTA officials are still studying increases in speed.

The 5000 Series trains will replace the 2200 Series Budd Co. cars that were purchased in 1969-1970 and the 2400 Series Boeing-Vertol cars purchased in 1976-1978. The Federal Transit Administration recommends that transit trains be replaced after 25 years of service; beyond that, maintenance costs tend to skyrocket. Some 336 of the CTA's current 1,190 railcars are 32 to 41 years old, officials said.

The CTA board in February approved issuing up to \$550 million in revenue bonds to help pay for the new trains. The CTA was able to afford the purchase, despite the current operating budget crisis that led to service cuts and employee layoffs in February, by using capital-improvement funds. Capital funds cannot be converted to operational uses, such as providing service or paying salaries.

"Putting off critical investments such as this would place the agency so far behind that it would be nearly impossible to make up ground in the future," Rodriguez said.

jhilkevitch@tribune.com

Chicago Transit Authority Activating New Rapid Transit Cars (CHIT)

[Chicago Tribune](#), April 16, 2010

CHICAGO (AP) - The Chicago Transit Authority says the first 10 of its new rapid transit train cars will be entering service next week.

Although the new cars have fewer total seats than the design that has been used since 1969, most of their seats are center-facing, giving them more standing space to pack in rush-hour commuters.

CTA President Richard Rodriguez acknowledged Thursday the new interior design will result in many passengers having to stand during their trips.

Rodriguez said the new cars will be capable of going 70 mph, although they will be limited, for the time being, to the current 55 mph limit.

The first 10 cars are part of an order for 406 new trains, set for delivery through about 2013.

Impasse? McGinn Says Stop, Council Says Go On 520 Mayor Wants To Study Light Rail, Council Says Move On (SPI)

By Chris Grygiel

[Seattle Post Intelligencer](#), April 16, 2010

Seattle's mayor says "stop" and the City Council says "go, but make changes" on plans to replace the 520 bridge with six auto lanes.

In separate letters to Gov. Chris Gregoire on Thursday, the deadline for comment on the \$4.6 billion project, Seattle's executive and legislative branches staked out different positions on the proposed replacement for the four-lane Lake Washington span that connects the city with its Eastside suburbs and thousands of high-tech jobs.

Mayor Mike McGinn wants planners to delay the project so design changes can be made to ensure that it can handle light rail in the future, saying current plans all but preclude the option. The City Council wants modify the bridge on the Westside to address neighborhood concerns but sides with Gregoire in insisting that the replacement not be delayed.

"We have one chance to get it right," McGinn said Thursday afternoon in an interview with seattlepi.com. "We think that the public supports getting the bridge right - including getting light rail on the corridor."

The council favors (click here to read their letter) having two dedicated bus lanes in addition to the four auto lanes some time in the future and also hopes designers attempt to make the span viable for light rail at a future date. However they're not insistent, like McGinn.

Last month Gregoire signed a bill authorizing the 520 bridge replacement. Gregoire, King County and Eastside leaders favor a six-lane span with two carpool lanes. But McGinn wants the two carpool lanes dedicated to bus and transit and they want changes to the bridge on the Seattle end. McGinn says the current design option basically precludes light rail on 520 because the span would have to be changed to accommodate trains - something he says would be prohibitively expensive 20 years down the road.

Gregoire vetoed a section of the bill that was a key goal of powerful Seattle neighborhood groups - one that limited the height of the new span to 20 feet above Lake Washington for the floating part of the bridge. The problem with the 20-foot height limit was that it could prevent state transportation officials from complying with Coast Guard and safety regulations, the governor said.

The governor also vetoed a section of the bill that directed planners to come up with a final design that could handle both carpool lanes and light rail. However the governor's office said she still supported seeing whether the replacement span that connects Seattle with its Eastside suburbs could ultimately accommodate high-capacity transit. She felt the language in the bill's first section was "vague."

The amended bill calls for one working group to suggest alternative transit connections in a report by Oct. 1 and make transit-financing recommendations by Dec. 31. Gregoire's goal is open the new bridge by 2014.

But McGinn's letter urges the governor to "delay announcing a preferred alternative and to begin to immediately evaluate other options that can accommodate light rail."

Earlier this month McGinn released results of a \$250,000 consultant's study, saying it showed that putting light across 520 may not be realistic unless the state designs a bridge that would have room for trains from the beginning.

Presently Sound Transit plans to expand light rail to the Eastside by using the Interstate 90 bridge, but McGinn says policy makers need to get the 520 design plan right now so the region will have more transportation options in the future.

However Gregoire and others say changing the design review process to include light rail would delay the project by years.

In a statement Thursday afternoon the governor again said the project must proceed and sided with the City Council.

"Delaying 520 is not an option. The forty year old bridge is in danger of sinking in the next earthquake or windstorm and must be replaced. The new bridge will have four lanes plus two carpool and transit lanes to accommodate our region's current and future transportation needs. When a plan to bring light rail to both ends of the bridge is developed and funded, the new bridge, as designed, will be ready to accommodate it," Gregoire said. "I particularly thank the council for their commitment to opening a new bridge on time in 2014."

The City Council letter asked Gregoire to further study Westside design options but insisted such an inquiry would not delay the project. Specifically, they want to:

- Redesign the Montlake interchange.

- Reduce the width of the Portage Bay bridge.

- Minimize the height of the cross-lake bridge deck, while developing a noise mitigation plan in partnership with nearby residents.

- Split the bridge corridor and narrow shoulders through the Arboretum

- Design bicycle and pedestrian facilities along the SR 520 corridor to City of Seattle standards.

- Review and improve plans for managing the impacts of construction in the new SR 520 corridor in partnership with residents, institutions and businesses.

- Direct project mitigation funds to the Montlake Triangle area.

"I am confident that we can work with the state to improve the design and operation of the project on the Westside while the project moves forward with construction and completion by 2014," Council Transportation Committee Chairman Tom Rasmussen said in a statement.

While praising the council for opposing the design on the bridge's west end, McGinn said the council appeared to want it both ways.

"It's hard to tell where they're at. They seem to both for delay and for no delay," he said. Their letter is kind of a straddle."

Council President Richard Conlin said in an interview that "we see no reason to delay the project."

"We reviewed what the consultant said to the mayor, we don't think there's a problem. Light rail can easily be accommodated. It's clear that right now there's no money, no plan (for light rail)...there's no point in delaying the project."

Conlin said the council would work in the coming months to make sure as many of Seattle's design concerns are taken care of. "We think the design changes can be done within the current timeline."

Council Says Move Forward On 520 Bridge, Deal With Rail Later (SEATIMES)

By Mike Lindblom, Seattle Times Transportation Reporter

[Seattle Times](#), April 16, 2010

The Seattle City Council has all but abandoned the idea of running light-rail trains on a new Highway 520 bridge anytime soon.

In formal comments Thursday on the \$4.65 billion state highway project, the council supported the current plan by legislators and the state Department of Transportation, to forge ahead with two general traffic lanes and one lane for buses and three-person carpools, in each direction.

Trains would arrive a generation or two from now, if ever, the council presumes. Sound Transit and the state lack money to add light rail. The council further predicted that "buses may provide a more flexible and effective form of high-capacity transit for this project area." If the twin carpool lanes can't run at 45 mph, cars should be kicked out and the lanes converted to "bus rapid transit," the council says.

More buses are coming soon anyway, funded by a federal grant to experiment with 520 tolls, as a means to reduce car traffic.

Mayor Mike McGinn, in a separate letter Thursday, took a stronger line for rail urging the state to work up to another year to design a bridge that is truly rail-compatible.

State lawmakers and Gov. Chris Gregoire have determined the span will "accommodate" future light rail. So far, their commitment has gone only as far as a design for extra pontoons, which could be added beneath the bridge deck to help support a 200-ton train.

McGinn acknowledged that it's not realistic to insist on train service the day the bridge opens, in the mid- to late-2010s. However, his letter still envisions a bridge that is fully engineered for trackway to be added. McGinn ventured that it might be possible within 10 years from now. According to McGinn:

The extra pontoons for rail should be manufactured now, using \$150 million in savings the state says it has reaped on low construction bids so far.

The state should design a way to add tracks from 520 to the Sound Transit station at Husky Stadium. A gap between east- and westbound 520 lanes near Foster Island would allow trains to exit from the center, continuing on a bridge over Union Bay to the University of Washington. Or trains might take another path, he said in an interview.

"The replacement for the SR 520 bridge will have a life of 75 to 100 years. This is our one chance to 'get it right' and to build a bridge that meets the needs of Seattle and the region for years to come," says McGinn's letter.

Gregoire immediately objected to slowing the project. "Delaying 520 is not an option. The 40-year-old bridge is in danger of sinking in the next earthquake or windstorm and must be replaced. The new bridge will have four lanes plus two carpool and transit lanes to accommodate our region's current and future transportation needs. When a plan to bring light rail to both ends of the bridge is developed and funded, the new bridge, as designed, will be ready to accommodate it."

Meanwhile, Sound Transit is designing a rail route on the Interstate 90 bridge, to open in the early 2020s.

Seattle officials also made several proposals to reduce the roadway bulk in the Montlake neighborhood. The council wants to scrap the DOT's proposed seventh lane over Portage Bay, for westbound traffic to merge onto 520 from the University of Washington or exit to northbound Interstate 5. Instead, the shoulder would be used as a peak-time exit lane to I-5.

McGinn went further, urging the state to consider a leaner four-lane footprint over Portage Bay; that way, the (bus and/or rail) lanes of 520 would end at Montlake, having served the Eastside-to-University corridor.

Negotiations likely will continue through summer, before state DOT publishes its environmental statement by year's end.

Arizona Planners Envision New Role, Routes For Light Rail (AR)

By Sean Holstege, The Arizona Republic

[Arizona Republic](#), April 16, 2010

Planned extensions and routes

Regional planners are mapping new light-rail lines in places that were inconceivable a few years ago, as they grapple with how urban Arizona takes shape in the coming half-century.

Preliminary studies show that sufficient demand will exist for light rail to succeed on 44th Street, Camelback Road, south Central Avenue, Bell Road and other routes not previously planned, building a web far more expansive than what is currently envisioned.

Officials at the Maricopa Association of Governments, Arizona Department of Transportation and Metro say the conceptual routes are not intended to replace the voter-approved plan for 57 miles of track. But early findings support leading transportation figures who say the Phoenix region has a historic opportunity to rethink light rail's role - and maybe change some original routes.

Driving the new ideas are changes in national policies, demographic trends and a deepening awareness of the causes and effects of the Great Recession. The federal government plans to ease funding for urban mass-transit projects, and Valley cities are adjusting their plans to cash in.

Whatever happens may be decades away, with no money identified to build any of it. But transit and other leaders say the country is at a pivotal moment that could shape the future of cities like Phoenix.

"It's not economically sustainable to continue the infrastructure investments of the past. The times are long gone that highways and master-planned developments can be financed, publicly or privately," said Shannon Scutari, ADOT's director of rail and sustainability.

Central Phoenix Councilman and Metro Chairman Tom Simplot said the changing landscape is significant.

"It's real," he said. "We do have this opportunity. It's almost like a second bite at the apple, and shame on us if we don't take it."

Since the region passed Proposition 400 six years ago, a number of changes are bringing fresh thinking about an expanded light-rail system in the Valley:

- . Long-range planning.

Long-range studies, drafted in anticipation of projected growth, have found transit systems would work and have spurred new studies looking into previously ignored rail possibilities.

Previous MAG and ADOT studies found that a 105-mile system of commuter trains plying existing freight tracks would rival any in the Western United States. Planners identified several potentially successful light-rail routes, including Bell Road from Scottsdale Airpark to Peoria, the Valley's most heavily-traveled street.

This month, MAG embarked on a new long-range plan for the urban core. The region will map the transportation needs for Phoenix and other core cities at build-out.

Hand-in-glove, Phoenix is revising its general plan to define the city's development goals. Simplot says to expect more density, efforts to connect the city's urban villages and using light rail to help spur redevelopment.

An extension eastward along Camelback Road has attracted new attention. MAG favors it because the region needs better east-west mobility. It was the only one of five major employment centers that wasn't connected by rail in original planning, Metro planner Wulf Grote said.

- . Rail operations.

After 16 months of service, Metro has a better grasp of how people use the system and what its shortcomings are.

Metro continues to see double-digit ridership increases over a year ago and carried 34 percent more people than projected last year. Metro doesn't experience a sharp drop in riders between morning and evening rush hours. Many people ride it off-peak to sporting events, museums and restaurants for rides typically shorter than 8 miles.

It's a high-density urban system, with frequent stops, but that presents challenges, too. It takes more than an hour to travel end to end, from Phoenix's Spectrum Mall to Mesa.

Trips would be longer when the trunk-and-branch system is built out.

Expansion plans call for as many as four extensions on the western side of the line and two on the eastern end. Future northbound riders on Central Avenue would have to choose among three different routes as they near Camelback. Lines on Washington and Jefferson streets would jam up with trains from four branches.

"The impact of all those lines converging is a real problem," says Eric Anderson, MAG's senior transportation planner. "Maybe we really need to take one step back and say, 'Do we have all the lines in the right places?'"

"It forces a transfer," said Steve Banta, who took charge at Metro in January. "We need to look at how to design the expansion to minimize that."

He imagines an east-west line from downtown Glendale to Paradise Valley Mall in Phoenix. Others envision a new line along Thomas Road.

That concept of crossing tracks has been effective in other cities, most notably Washington D.C.

A common complaint is that large areas of the Valley can't use rail. Planners are looking at a south Phoenix line to serve neighborhoods removed from existing track.

The other potential drawback to the expansion plan is that it tacks on commuter-style lines to a slower urban system. Suburban riders might not have the patience for frequent stops or might prefer a commuter rail line.

. National policy.

A revolution in national transportation will favor urban mass transit investments, and make light-rail proposals more competitive for federal funding.

The Federal Transit Administration plans to unveil new rules for funding rail projects this spring. Lawmakers on the House Transportation and Infrastructure Committee want to codify those changes into law.

Cities can expect a better shot at getting rail projects funded. Federal law requires projects be rated for their benefits to mobility, the environment, potential, quality of life and other factors.

The Bush administration considered only applicants rated highly for cost-effectiveness - systems had to carry the most passengers for the least money. The policy "really stifled development of transit in a lot of communities," says Jim Berard, transportation committee spokesman.

Now, the FTA will favor ones that best meet the "smart growth" criteria. Final details will likely take a year to work out, but already the shift has seen results, FTA spokesman Paul Griffo says. Federal money is helping Minneapolis build three new stations in underserved minority neighborhoods that it previously dropped because of cost-effectiveness measures.

Tucson last year competed with hundreds of cities to win a \$67 million grant from a federal stimulus program to build a streetcar project. The project's inclusion is a clear signal of the Obama administration's transportation priorities and suggests that new light-rail lines in the Phoenix area would be competitive.

Metro's 3-mile Mesa extension looks a promising candidate.

. The Great Recession.

When an inflated housing market cratered the economy and cheap gas became a thing of the past, Phoenix-area planners realized the grow-outward model could become unsustainable.

The recession pushed thousands of people to abandon their homes to foreclosure, starting in suburban fringes.

"The places that had the most foreclosures were the places with the most exposure to transportation costs," said Scott Bernstein, president of the Chicago-based Center for Neighborhood Technology, which analyzes the combined costs.

A decade ago, nationally, suburban and urban foreclosures matched one-for-one. Last year it was four-to-one, he said.

Aaron Golub, a professor of sustainability and urban planning at Arizona State University, points out that in 2006, Arizona and the country saw for the first time in history a sustained drop in driving. He said it suggested a shift in habits. Longer-term shifts are more significant.

"The demographic changes are so vast that the number of single-family detached homes that the Valley needs in 2050 have already been built," he says.

. Demographics.

Those changes could be ushering an historic realignment of urban development. America's 50-year suburban explosion began after World War II with cheap gas, affordable cars and Baby Boom families.

In 2010, it's not clear if the recession halted that, but housing appetites are shifting in two important ways.

Americans are living healthier, longer. Aging boomers want to maintain an active lifestyle in their retirement and some can't get around by car.

At the same time, the Millennial Generation, those who reached adulthood after 2000, are coming to prominence. A recent in-depth study by the Pew Research Center showed that Millennials are eco-conscious and urban. Pew found that 32 percent live in central cities, compared with 23 percent of children of the Depression. They also don't want long car commutes.

"It's all about choice, and the suburban lifestyle offers very little," Golub observes.

Smart growth is not a new idea. What is new is an emerging market for smart-growth developments, which light rail could play a big role in creating.

Light Rail Ridership Grows By 8 Percent (SPI)

By Scott Gutierrez

[Seattle Post Intelligencer \(blog\)](#), April 16, 2010

Ridership on Sound Transit's Link light rail grew by 8 percent in March, continuing a rise in people who take the train since a station was opened at Sea-Tac Airport in December, Sound Transit reports.

Average weekday boardings in March were estimated at 18,094. The highest day of ridership was Friday, March 26, at 21,466. The average number of Saturday boardings was 13,640. On Sundays, it was 10,784. Both weekend numbers were less than weekend ridership figures in February.

"In March, we really don't have a lot of special events downtown. It's a quiet period and you don't have a lot going on like you do now with the Sounders and Mariners," spokesman Bruce Gray said. "I think you'll start to see those weekend numbers pick up quite bit when we get April's numbers, but that's our best guess."

Sound Transit rolls out extra trains to handle crowds at the Stadium Station after baseball games or soccer matches, or football in the fall, he said.

Average weekday boardings in February were estimated at 16,741, up from 15,965 in January and 15,196 in the fourth quarter of 2009. The 14-mile line opened in July although it temporarily ended in Tukwila at an International Boulevard station before the final station opened at Sea-Tac, providing an uninterrupted link between downtown and the airport.

In addition, several bus routes were changed to better connect riders with light rail stations and to erase duplication of service provided by light rail to the airport.

Ridership was projected to reach 26,600 by the end of 2010. Gray told [seattlepi.com](#) last month that earlier projections didn't account for the recession. They also assumed six-minute headways during peak hours and free ridership inside the Downtown Transit Tunnel. Headways are actually about 7 1/2 minutes and riders are charged fares in the tunnel.

RTA: More Transit Cuts Likely If State Doesn't Pay Up (CHIST)

By Mary Wisniewski, Transportation Reporter

[Chicago Sun-Times](#), April 16, 2010

The amount the state owes to local transit agencies has swelled by \$30 million, to \$280 million, and unless the state pays up, service cuts could hit this summer, the head of the RTA warned today.

Stephen E. Schlickman, the RTA's executive director, warned that, come June, the RTA won't have enough money to give CTA, Metra and Pace to replace the missing state funds.

"The delay in state funding will have a dramatic impact on the . . . ability to continue to provide service," Schlickman said in a letter to Gov. Quinn and state Comptroller Dan Hynes.

At an RTA board meeting today, Schlickman said state officials are aware of the transit system's problems and that "high-level discussions" are ongoing.

Gary Hannig, the secretary of the Illinois Department of Transportation, declined to comment on the RTA's complaints.

To cope with a budget deficit incurred before the current state shortfall, the CTA slashed bus service Feb. 7 by 18 percent, doing away entirely with some lines and cutting service hours and frequency on others, and L service by 9 percent.

The state is also behind on payments to public universities, libraries and public schools.

Streetcars Are The Desire Of Many, But Are They Practical? (WP)

By Robert Thomson

[Washington Post](#), April 16, 2010

Dear Dr. Gridlock:

I propose that Metro build a high-speed streetcar line between Fort Totten, where it would connect with the Yellow, Green and Red lines, and Fort Lincoln. The route would be along Galloway Street, Eastern Avenue and a private right of way to a park-and-ride lot just off 33rd Place.

All along this route is a narrow strip of underutilized park land. A thin strip of this open land and a portion of Eastern Avenue could be set aside for exclusive use of the trolleys. It seems to me this would not restrict auto traffic very much.

I propose just three intermediate stations to make the ride as fast as possible: Sargent Road, Michigan Avenue/Queen Chapel Road and Rhode Island Avenue. At the eastern end, I foresee a park-and-ride lot that would be easily accessible from the Baltimore-Washington Parkway and Route 50.

On the minus side, I'm not sure what the daily ridership would be. Perhaps it would be practical only on weekdays. Still, the low construction cost would make it feasible.

Eugene J. Rzeczkowski

The District

DG: Many of us are interested in creating streetcar lines throughout the center of the Washington area. Metro has gotten out of the construction business, but local governments -- the District government, in particular -- are showing enthusiasm.

Right now, there's more enthusiasm than money. So as new ideas such as this one come up, keep in mind that streetcar line proposals would need to demonstrate two attributes: the ability to connect communities and the ability to develop communities.

The Fort Totten-Fort Lincoln route would meet some of the District's goals, in that it would connect communities that are under-served by transit. The more immediate difficulty is that the route probably would lack the ridership necessary to make it a priority for this type of service.

Rzeczkowski is right to be thinking of what to do about that eastern terminus on his line, but a park-and-ride area probably isn't the ideal solution. Those car drivers are going to want to connect directly with a Metrorail line rather than get on a trolley to get to the train.

If the District is going to invest at least \$1.5 billion in a streetcar network, it needs to be pretty sure of the results. That's why it's looking first at centrally located corridors and connections. Give 'burbs a break

This letter supports an Arlington County bus rider who noted the different service levels between city and suburb in arguing to maintain Metro's three-hour window on transfers.

Dear Dr. Gridlock:

I read with interest the letter by Lynda Meyers [Dr. Gridlock, April 1], because I, too, am a dedicated transit rider who lives in the 'burbs. In fact, lack of transit options is one reason I hope to move back into the District this year.

But there is an equitable solution possible for those of us who live where transit service is limited: Use the technology potential within the SmarTrip cards. Metro knows where we get on the service. The system can calculate that I am using a local service and give me X amount of time.

The same would work in the city or in an area with ample service options. In that case, the system would give me, say, 60 minutes to complete my business and get back onto a bus or rail before requiring another payment. This would allow the system to be more responsive to the needs of the riders, while taking into account the very real constraints faced by those of us in areas with restricted service.

It is unfair to have a three-hour window in an area such as K Street, where dozens of buses and trains are available within minutes of each other. But, as Ms. Meyers's letter said, it is only fair to those of us who find that going three miles along Route 7 can take 90 minutes or more, depending on traffic and the bus schedules.

Debbie Alves

Falls Church

DG: I don't believe that at this stage of development SmarTrip is smart enough to make those exacting calculations on origins, destinations and travel times. I do agree Metro must take into account the very different levels of service across the region. But I'd still cut back the transfer window to two hours regionwide. Reform Metro

Dear Dr. Gridlock:

The problems with Metro that have been discussed stem from poor governance by the board and the lack of reliable and adequate funding.

I propose that the board be elected, rather than appointed, by the jurisdictions and that it operate by simple majority, with no vetoes. The federal government would have three members, whose votes would count only when Congress had appropriated the agreed-on funding for the year.

Funding is a more complex issue. Metro should provide information on what the actual costs of operation of the rail and bus systems are and define how it developed these figures. This money should come from fares, supplemented by each jurisdiction as it deems appropriate.

Those supplements should come from dedicated taxes, as each jurisdiction sees fit. If tax revenue falls, then fares must increase to compensate. Capital costs (purchase of rail cars and buses, major maintenance of existing mechanical devices and necessary rebuilding and extension of the rail system) should come from the federal government. These funds would be delivered per an agreed-on plan.

The mission of Metro is to move workers. If Metro cannot operate, then the federal government cannot function, so the feds have a vested interest in the efficient operation of the system and should contribute substantially to it. If keeping the rail system open late weekend evenings does not produce revenue equal to the operating costs, then the system should close earlier. Bus

routes that do not meet their operating costs should be reduced or eliminated, unless the jurisdictions involved want to provide a subsidy.

Patrons who pay extra for rush-hour service should get frequent eight-car trains (at least 90 percent). Of course, at some times during the peak of the rush, even these trains will be crowded. Non-rush-hour trains can be shorter and less frequent.

Frederick J. Graboske

Rockville

DG: Metro's governance dates from a bygone era when the transit authority was heavily involved in construction. It needs review. But I wouldn't elect board members. The candidates would -- of necessity -- play for votes, catering specifically to the interests of their locality, rather than to the needs of the region.

Mayor: Loss Of \$1.5M Won't Impede Bus Service (Annapolis)

By Joshua Stewart

[Annapolis Capital](#), April 16, 2010

The state is taking a closer look at how Annapolis manages and maintains its transit system, a reaction spurred by layoffs and other changes the mayor made this spring.

The Maryland Transportation Administration is asking Annapolis officials for assurances that the city is properly maintaining buses and staffing the city Transportation Department.

The request follows a state review of reports on the financial and management problems in the department.

"The loss of personnel at Annapolis Transit has given us reason to take pause and consider the need to take a critical look at the city's ability to manage its transit programs and properly maintain its vehicles and equipment," Elizabeth Kreider, the MTA's director of the Office of Local Transit Support, wrote in an April 9 letter to Doug Smith, the city's chief administrative officer.

The state recently cut \$1.5 million in transit funding, a loss the city didn't anticipate. In response, Mayor Josh Cohen cut spending, in part by laying off 33 city employees, including two transportation department mechanics. Now, MTA is attacking those two layoffs.

"It's ironic if the MTA is criticizing this city for having to make cuts due to the state cutting its funding to the city," Cohen said.

Cohen said that despite the cuts, the city will continue to provide good bus service.

"The City Council and this administration . (are) committed to maintaining a robust transit system even in the face of significant loss of state funding," Cohen said.

Cohen said there have been notable changes in how the city runs its buses - and more changes are likely - but that the system will actually run more efficiently, doing more with less.

Kreider's letter detailed three decisions by city officials that alarmed MTA:

The possibility of eliminating the C-60 line, a bus route that runs from Annapolis to BWI Thurgood Marshall Airport, Arundel Mills mall in Hanover and the Cromwell Light Rail Station in Glen Burnie.

The city's inability to match state funds to create a bus line to the New Carrollton Metro Station.

The layoff of two mechanics, causing the MTA to worry that the city won't be able to maintain its fleet of 27 buses.

In 2008 and again in 2009, the state studied the city's maintenance of its buses and provided technical assistance to "mitigate deficiencies."

The MTA has asked the city to create plans for maintaining its vehicles and for staffing its public transportation system with managers and administrators, and to make a commitment to honor the city's portion of matching grants.

An MTA spokeswoman said in an e-mail that the administration wants to make sure the city follows federal guidelines. Although the state has the ability to eliminate funding for Annapolis, that is not a goal, she said.

"Our objective is to take a critical assessment of how they're operating their service and implement some necessary changes," said MTA spokeswoman Angela White. "Our main concerns are their nonresponsiveness to maintenance of equipment and staffing levels since the recent city layoffs."

Cohen said that maintaining buses isn't a problem because the city recently acquired new vehicles that need less work. He believes the transit system soon will be better than before if it switches from a pulse to an arterial route system.

The city spends about \$5.4 million a year on transit operations, with all but \$1.7 million recovered through fares and grants. In fiscal 2008, the most recent year for which data was readily available, the bus system provided 1.3 million rides.

Recently the city partnered with the Community Transportation Association of America to review how to best run its transit system. The city is in the process of hiring a new director for the transportation department after its former chief, Danielle Matland, retired on April 1.

A city official said that Cohen has decided to do a national search for Matland's replacement and is looking at current city employees, the MTA and the CTAA for applicants who will not only oversee bus service but create programs to improve transportation throughout the city.

Green ARTS Trolleys Sidelined (AMLDIS)

By Matthew Hedger

[Amador \(CA\) Ledger-Dispatch](#), April 16, 2010

The big green trolleys providing rides for citizens in and around Sutter Creek, Martell and Jackson have been sidelined while the Amador Regional Transit System works to restore its budget.

Although the recently purchased trolleys have been removed from the road, an ARTS spokesman says the routes they covered will not be affected and will be serviced by the familiar white buses with the red, white and blue logo.

A press release from ARTS says it plans to maintain normal service while working to resolve a budget deficit for the fiscal year ending June 30.

At the ARTS Board of Directors meeting in March, a plan to address a \$117,000-plus budget deficit was pulled from the agenda by then Transit Manager James Means, sparking a rebuke from Amador County Transportation Commission Executive Director Charles Field.

Means resigned his position last week and Assistant Manager Joyce Jones has been tapped for the top post until a replacement for Means can be found.

ARTS Communications Consultant Terry Grillo said minor adjustments to essential services have been ordered by ARTS Board Chairman Greg Baldwin, including a halt to a bicycle raffle and other Earth Day activities previously planned.

In the press release, Grillo said the Amador trolleys will be temporarily removed from service while costs to operate them are analyzed.

"Amador Regional Transit's financial difficulties are not unique to Amador County," Baldwin said in the press release. "Sales tax is the primary method for funding public transit service under state law. Sales tax is down statewide and down more than 25 percent in Amador County over the past two years. I'm confident that Amador Regional Transit System will survive this current budgetary setback and will continue to improve service to the public and to transit-dependent riders in the coming months," he added.

The green trolleys are dual fuel vehicles, which can use compressed natural gas or diesel to operate.

The closest compressed natural gas fueling facility is in Rancho Cordova and the green trolleys have been observed making the trip to get fuel about once a week.

Potential Cuts To Cheverly, Morgan Blvd. Stations Draw Ire (WP)

By Natalie McGill, The Gazette

[Washington Post](#), April 16, 2010

Residents in central Prince George's County are incensed about a proposal to stop weekend service at three Metrorail stations, two of which are in Prince George's County.

Because of low ridership and a more than \$190 million deficit in its coming fiscal year, Washington Metropolitan Area Transit Authority officials are considering eliminating weekend service at the Cheverly and Morgan Boulevard stations in the county and Deanwood station in the District.

Cheverly residents organized a protest outside their station April 1. Cheverly resident Daphne Levitas created a Facebook group, "Oppose weekend closures at Cheverly's metro station," which has more than 180 members, and the blog <http://www.cheverlymetro.blogspot.com>.

Levitas told the crowd of more than 50, which included officials such as County Council member Andrea Harrison (D-Springdale), that she moved to Cheverly to have access to the station.

"You ride the Metro, you need the Metro. WMATA needs to hear from you, that you need this station," Levitas said.

Shutting down weekend service at the three stations would save the transit system \$100,000 annually, and the Metro Board of Directors is expected to make a final decision in late April or early May, said Steven Taubenkibel, a Metro spokesman. If approved, the service reductions would go into effect on July 1, the beginning of Metro's 2011 fiscal year.

Each of the three stations served fewer than 1,000 riders on an average Saturday and fewer than 600 on an average Sunday, according to the WMATA Web site.

The Cheverly and Deanwood stations are on the Orange Line, and Morgan Boulevard is on the Blue Line. Taubenkibel stressed that the last thing the authority wants to do is reduce services because doing so is "counterproductive" to its mission of

providing accessible public transit. He encouraged residents to submit testimony on the proposed reductions to the WMATA Web site.

Metro conducted public hearings in late March and early April on possible fare increases and changes to service for Metrorail and Metrobus lines. No more hearings are scheduled for residents to address WMATA officials in person.

Metro released scores of options for public comment without expressing a preference for any combination of options.

"In this case, we had to take a look at just about anything and everything we could do to reduce the shortfall we're in right now," Taubenkibel said. "That's why we looked at ridership [that was] low on weekends or closing some mezzanines."

Del. Victor Ramirez (D-Dist. 47), of Cheverly, said that on the morning of the protest he passed out fliers outside Cheverly Metro informing riders of the proposal and encouraging them to come to the public hearings or submit online testimony. Sen. David Harrington (D-Dist. 47), of Cheverly, sent a letter April 1 opposing the cuts to Peter Benjamin, chair of the Metro Board of Directors.

The proposal to reduce weekend rail service, in addition to a proposal to cut the F2 bus that goes through Takoma Park and Cheverly, would "paralyze" residents in his coverage area, which also includes Chillum and Mount Rainier, Ramirez said.

"With the fare increases, you think they would have the money to keep the services we have right now," Ramirez added.

Fares increased on Feb. 28 by 10 cents for Metrobus, Metrorail and Metro Access, a door-to-door pick-up service for the elderly and disabled. The increase will last until June 26.

The most recent ridership statistics available for all three stations were for February, although Taubenkibel said two snowstorms that closed above-ground stations skewed the numbers.

On an average Saturday in February, there were 374 riders in Cheverly, 744 in Deanwood and 344 at Morgan Boulevard. An average Sunday saw 237 riders in Cheverly, 502 in Deanwood and 180 at Morgan Boulevard.

Taubenkibel said he would examine whether criteria exists to determine what makes a profitable station but gave an example of average ridership at the Largo Town Center Metro Station in February: 1,785 riders on a Saturday and 1,125 on a Sunday.

Prior to the snowstorms, an average Saturday in November 2009 yielded 510 riders at Cheverly, 911 in Deanwood and 495 at Morgan Boulevard. An average Sunday saw 262 riders at Cheverly, 534 at Deanwood and 1,427 at Morgan Boulevard.

The numbers were likely higher at Morgan Boulevard in November because of the Washington Redskins' season, Taubenkibel said, adding that if weekend service cuts go into effect, the Morgan Boulevard station, next to FedEx Field, would remain open for special events or Redskins games.

Johnathan Parks, 21, of Largo, said the change would put a cramp in the weekend plans of residents who use the Morgan Boulevard station to get to downtown Washington's entertainment districts.

"It's going to really put a damper on a lot of people's fun," Parks said. "Especially mine because a lot of people would rather commute than drive. It's a lot cheaper also."

Ridership Of Trolleys Spikes As Arena Opens (Kansas.com)

Kansas.com, April 15, 2010

Revenue from parking fees during arena events totaled \$15,161 in January, and net income was \$11,901. City-owned lots were 32 percent full during events, assistant county manager Ron Holt said.

In February, revenue from parking totaled \$21,069, and net income was \$13,424. Occupancy was 21 percent in February.

Holt noted that the Q-Line trolleys have been popular among eventgoers. Ridership in January was 8,031 - more than the 7,500 for all of last year - and ridership in February was 5,325. That compares with 1,082 in October, 569 in November and 218 in December before the arena opened.

Ridership the first two months of this year is up 615 percent compared with the first three months of 2009, Holt said.

Scottsdale City Council Takes Up Transit, Safety Grants (AR)

By Lynh Bui, The Arizona Republic

Arizona Republic, April 16, 2010

The Scottsdale City Council considered the following items at its meeting earlier this week:

Transit grants

The city will receive two transit grants that will help finance the construction of a park-and-ride lot at the southeast corner of Scottsdale and Thunderbird roads and a transit center near Scottsdale and McDowell roads. The grants from the Federal Transit Administration total more than \$1 million.

Safety grants

A grant from the U.S. Department of Homeland Security could add nine new firefighters to Scottsdale. The city is waiting to hear whether it will win more than \$1 million in federal grant money from the Staffing for Adequate Fire and Emergency Response (SAFER) program. If the city wins the grant, it would pay for the additional firefighters for two years.

Rates increase

The City Council set a May 18 public hearing on the city's proposed increase of water and wastewater rates for the 2010-2011 fiscal year. Water rates are proposed to increase 2.5 percent and wastewater rates by 3 percent. The changes would increase the typical residential monthly bill by about \$1.65 or 2.1 percent.

Legislative news

A bill that would allow property owners, tribal governments, cities and towns to establish revitalization districts passed through the state Senate Finance Committee 7-1. The bill will now move on Senate Rules Committee. City officials have been advocating the bill, saying it will allow Scottsdale to revitalize south Scottsdale and other areas of the city.

The council approved the city's plans to accept and use federal grants from the U.S. Department of Housing and Urban Development that will fund social services, neighborhood improvements and housing rehabilitation. The grants, which are distributed to cities and towns annually on a formula basis, include \$1.1 million in Community Development Block Grant funds, and more than \$670,000 other funds.

THE BUS STOPS HERE? City Approves Plan To Put In 147 Transit Stops - But It May Not Happen In Your Lifetime (DESTIN)

By Kathy Harrison

[Destin \(FL\) Log](#), April 16, 2010

The city has big plans to construct 147 transit stops in Destin, but the cost to expand public transportation in the city is too big for Okaloosa County Transit right now.

"Since 2007, our budget has been cut at least 10 percent each year," said Okaloosa County Transit Coordinator and Grants Manager Lani Birchett. "We do want expansion, but the obstacle is funding."

The City Council passed a motion to have Tetra Tech finalize the design for the nautically themed bus stops during an April 5 meeting. Councilman Dewey Destin cast the only vote against the motion.

He said the plan to spend about \$2.5 million on the stops, which would run between \$15,000 and \$18,000 each, is "ill conceived." He added that the county provides the only bus service in Destin, and every year there is a big debate over whether or not the service will continue.

"It's just a bad idea in this economy to put that burden on the people doing business," he said. "But it's all being done because of the multi-modal scheme that we worked out, and I understand that."

The city developed the multi-modal transportation plan, which includes plans for bike lanes and wider sidewalks, about a year ago in an effort to "provide a safer means of getting around the city without actually having to get in the car and drive." In addition to adding transit stops around town, the plan also calls for creating more of a grid system by connecting roadways in the city to relieve traffic congestion on U.S. Highway 98.

In regard to Destin's concerns about the future of transit service in the city, Birchett there are no plans currently to cut funding for the three bus routes, 30, 32 and 33, operating in Destin. She said the county recently cut their Saturday service due to funding constraints, and in January of 2009 fares were raised from 50 cents to \$1 to compensate for lost funding.

"It is in Okaloosa County's long-term development plan to provide more service in Destin," she said, adding that it will take many years to implement the city's full transit plan. "We've been talking with the city of Destin to create a partnership with them to start a new route in March 2011."

She said the route, which would run along Matthew Boulevard and Scenic Highway 98, would be the first step in the "step by step process" of expansion. It costs about \$35 to \$40 per service hour to run one bus route, and that doesn't include capital costs such as new buses.

At the recent meeting, Councilman Larry Williges also voiced concerns about the cost of the stops.

"The cost of this. I think it would be staggering," he said. "And I don't know where these 147 stops would be."

City Manager Greg Kisela said the city has already determined potential locations for the stops. So far, the groundwork has been laid for two stops on Commons Drive, and a third is under construction on Scenic Highway 98.

He said that since improvements are being made on Mountain Drive, the city will also lay the foundations for nine stops on that roadway. When funding for service is acquired, workers will go back and add the "vertical" elements, the cover and benches.

"Mountain Drive may have service by next year," he added. "But to have a fully operational transit system in Destin. I can assure you it won't be in my lifetime."

He added that it was important for the city to take a "proactive approach" to transportation in Destin because the city doesn't want developers to guide the development of a cohesive system. He said the new system will be "more visitor-focused than employee-focused."

"It all stems from the adoption of our multi-modal transportation district regulations," said Community Development Director Ken Gallander. "Our transportation consultant did a transit stop study to determine the most appropriate locations for stops based on potential ridership."

Transit Service Restorations To Begin In June (SLPD)

By Ken Leiser

[St. Louis Post-Dispatch](#), April 16, 2010

Buses will begin running more often on the region's busiest routes and MetroLink riders will start seeing see more rush-hour trains by late June under the Metro transit agency's proposal to restore service to areas that were cut back more than a year ago.

Metro planners will present the service restoration plan to the agency's governing board on Friday. The public will be able to comment on the proposal during a series of meetings in April and May.

"Our approach to restoration is to restore as much service as quickly as possible, based on the constraints including our manpower and vehicle availability," said Jessica Mefford-Miller, Metro's chief of planning and system development.

St. Louis County voters last week approved a half-cent sales tax that was aimed at restoring bus, MetroLink and Call-A-Ride service that was cut by 30 percent in March 2009.

Metro was able to restore some of what was cut in August after receiving \$12 million in federal stimulus money and \$3.8 million over two years from the Federal Transit Administration.

The Proposition A tax will generate about \$75 million a year. Its passage also triggers collection of a quarter-cent sales tax that St. Louis city voters approved in 1997. Part of the Proposition A proceeds will go to expanding bus and light-rail service in the future.

The first service additions will begin June 28, she said. The second and third phases of restoration are expected to occur by Sept. 6 and Nov. 29, respectively.

Mefford-Miller said the next 2 1/2 months will give Metro time to begin hiring more bus drivers, mechanics and supervisors. Metro already had hired back all of the drivers who were laid off last year, she said. The agency plans to hire 120 people by the end of this calendar year.

Metro also needs more buses, she said. The agency has a 50-bus gap between what it has and what it needs to restore the lost bus service. It takes 18 months to order a bus, so Metro will contact manufacturers to see if any transit agencies have canceled orders. Metro also is considering leasing buses.

The focus of the first round of changes is to expand service on existing lines. For example, the Grand line - Metro's busiest bus route - will go to 10-minute frequencies during periods of peak demand from the current 15 minutes.

MetroLink light-rail vehicles will run every 12 minutes during peak periods, compared to every 15 minutes today. Before the cuts, the trains ran every 10 minutes.

The 12-minute intervals are due to a loss of light-rail passenger demand since March 2009. In addition, Metro will be working on the Eads Bridge and that project will require reducing bridge traffic to a single track to be shared by eastbound and westbound trains.

"That means the two lines can only run every 12 minutes," Mefford-Miller said. "It doesn't make sense June 28 to take service to 10 minutes only to turn around in a few months and take it back up to 12-minute frequencies."

Four Charged Following Two Metro Bus Robberies (SPI)

By Levi Pulkkinen

[Seattle Post Intelligencer](#), April 16, 2010

A teen and three men are facing felony charges following two cell phone robberies aboard Metro buses in South Seattle and Kent.

Following one of the pair of daylight robberies, the victim's injuries were so severe he was in danger of losing his arm at the shoulder, according to police reports. Neither of the two alleged victims knew their assailants.

In charging documents, police claim Danico Robinson, 16, was the instigator in both robberies. He remains jailed, as do the three young men also charged in King County Superior Court.

Describing the first robbery, Kent Detective Philip Johnson told the court police were called to a robbery aboard the No. 169 bus March 3 just after 4:30 p.m.

Arriving at the intersection of Alvord Avenue North and East Canyon Drive, Kent officers found the victim bleeding heavily from the nose with severe injuries to his shoulder.

The man said a youth -- unknown to him but since identified as Robinson -- grabbed his T-Mobile G1 phone and started to run from the bus, Johnson said in court documents. As he did so, a second individual stood and blocked his path.

Robinson and the second teen, identified as Curtis Howard Taylor III, 18, began kicking and beating him and continued to do so after he pursued them from the bus, the man told officers.

"He relayed that one of the bones in his right shoulder was so severely crushed that one of the blood vessels had ruptured," Johnson said in court documents. "If the blood supply could not be restored to the bone by his doctors, there was a possibility he would lose his arm (and) shoulder."

Reviewing video of the incident, Johnson said much of the attack was caught on tape. The man was clearly injured after returning to the bus following the attack.

"Based on (his) body language it is obvious he is in extreme pain," the detective told the court. "No one else on the bus came to his aid" during the attack.

Both now charged with first-degree robbery, Robinson and Taylor were not identified until days after the incident.

Robinson and two other men -- Alton Hollingsworth, 19, and Victor D. Smith, 20 -- are alleged to have committed another robbery aboard a Metro bus in South Seattle.

According to charging documents related to the March 12 incident, Robinson, this time aboard a bus on East Marginal Way South, again tried to grab the victim's cell phone and flee.

When he was unable to make a quick getaway, he, Hollingsworth and Smith are alleged to have beaten the man. Prosecutors contend the three men tried to drag the man off the bus as children aboard the coach looked on.

Speaking with King County sheriff's deputies, the bloodied man said one of his assailants threatened to hunt him down and kill him. Robinson, the man said, spiked his phone on the ground when the teen failed to steal his wallet.

Asking that Hollingsworth and Smith be held on \$200,000 bail, prosecutors argued that both men beat the victim as he attempted to guard his personal property.

Requesting a higher bail amount for Robinson, Senior Deputy Prosecutor Dana E. Cashman noted that the teen is accused in two attacks against strangers.

"He was brazenly attacking innocent bus riders in broad daylight," the prosecutor told the court. "The defendant committed two violent offenses in the span of less than two weeks, he is clearly a danger to commit further acts of violence if free in the community."

Charged with two counts of first-degree robbery, Robinson is facing the charges in adult court despite his age.

All four of the accused remain jailed.

Transportation, Retail Top Needs For Milwaukee Downtown (MILWBIZ)

By Stacy Vogel Davis, The Business Journal Of Milwaukee

[Milwaukee Business Journal](#), April 16, 2010

Milwaukee has a lot going for its downtown, but it needs to make sure other people know about it, downtown supporters said at the first State of Downtown Economic Forum on Thursday.

"People (who visit downtown) say the architecture is amazing, the attractions are outstanding, the people are phenomenal - where do you hide all this?" County Executive Scott Walker said.

Downtown advocates, including gubernatorial candidates Walker and Milwaukee Mayor Tom Barrett, listed positives for Milwaukee's downtown - a falling crime rate, walkability, access to the lakefront and attractions such as the Marcus Center for the Performing Arts, Milwaukee Art Museum and Milwaukee Public Museum.

They seemed to agree on the major challenges facing downtown as well - transportation, parking and retail development.

"A well-balanced transportation plan is critical to the health and well-being of our downtown," said Beth Nicols, executive director of Milwaukee Downtown Business Improvement District 21.

Barrett emphasized his plan for a downtown streetcar system. The system will increase use of the Milwaukee County Transit System and, together with the high-speed rail line planned from Milwaukee to Madison, help make the city more attractive for commuters, he said.

"I cannot think of a major American city that is growing that does not have rail as part of its system," he said.

The Federal Transit Administration allocated \$54.9 million to the Milwaukee streetcar system last year after an 18-year stalemate between the city and county over what to do with transit funds.

Barrett expects the city to make a major announcement about the streetcar system soon, he said.

Another \$36.6 million will go to the county for its bus rapid transit plan, something Walker touted in his speech. The plan calls for dedicated bus lanes and shelters with real-time arrival and departure information along the existing Fond du Lac and National avenue routes. The county transit system should help people not only get around downtown but also get to downtown, he said.

Both Barrett and Walker listed the Park East freeway corridor and The Brewery development, the former headquarters of Pabst Brewing Co., as opportunities for future downtown development.

Milwaukee Downtown also presented its annual achievement awards at the forum. Receiving awards were:

- . Aloft Milwaukee Downtown, Brick and Mortar Award for completing the first downtown Milwaukee hotel since 2001;
- . Hyatt Regency Milwaukee, CPR Award for its \$18 million renovation under new owner Noble Investment Group, Atlanta;
- . Milwaukee Holiday Lights Festival Jingle Bus, Showcase Award. The award was presented to Coach USA and The Shops of Grand Avenue for their participation in the event;
- . Cindy Moran, director of public relations for the Milwaukee Repertory Theater, Downtown Cheerleader Award;
- . Mark Buetow, former Milwaukee Police Department community liaison officer, and Jan Kusko, property manager of Plaza East Office Center and former BID board member, Special Recognition Awards for their work in the downtown.

MARITIME ADMINISTRATION

Clean Truck Program Called A Burden On Port Truckers (CCT)

By Kristopher Hanson, Staff Writer

[Contra Costa Times](#), April 16, 2010

LOS ANGELES - A new report funded by a coalition of environmentalists and unions suggests port truckers are increasingly struggling to meet the financial demands of the Clean Truck Program.

The study, "From Clean to Clunker: The Economics of Emissions Control," questions the program's long-term sustainability, saying drivers aren't earning enough to make lease payments, buy insurance, pay road taxes and perform maintenance on low-emission trucks now mandated by Long Beach and Los Angeles port authorities.

The study, funded by the Los Angeles Alliance for a New Economy, urges Congress to support laws allowing port authorities across the country to voluntarily adopt rules requiring trucking companies - and not drivers - be responsible for the purchase and maintenance of new, low-emission rigs.

Along with Long Beach and Los Angeles, the cities of Oakland, Tacoma, Seattle, Port Everglades and New York-New Jersey are considering similar bans.

"Thousands of truck drivers now sentenced to low-wage jobs are forced to buy expensive green trucks they cannot afford or maintain or face unemployment, (while) 87 million Americans who live near ports will continue to breathe toxic smog," said Dave Foster, Executive Director of the Blue Green Alliance, a report co-author.

The study was immediately dismissed by the American Trucking Association, which is suing Los Angeles to prevent the city from requiring port trucking companies own the rigs they dispatch to the waterfront.

"It's more rhetoric and nonsense from the Teamsters," said Clayton Boyce, a spokesman for the Virginia-based ATA. "They're basically saying that independent owner-operators don't have the intelligence or responsibility to properly operate a small business...by owning their own truck."

Boyce said studies show many drivers earn in excess of \$100,000 annually, and the current business model - in which drivers are contracted and paid by the load - has been a success since trucking deregulation laws were passed in 1980.

"The financial situation of owner-operators is being totally mischaracterized," Boyce said.

The ports jointly banned the most polluting big rigs in October 2008, immediately slashing diesel pollution from trucks by nearly 80 percent within the first year.

By 2012, only trucks meeting federal 2007 emission standards will be granted access to the ports.

A mix of federal, state and local subsidies were used to help drivers purchase new rigs, which can cost \$100,000 or more.

Los Angeles had planned to require trucking companies to own and maintain rigs dispatched to their waterfront, but the plan has been temporarily blocked pending a federal court trial scheduled to begin Tuesday.

Long Beach, meanwhile, reached an agreement with the ATA allowing contract drivers to shoulder the burden for new rigs, with subsidies approaching 80 percent provided for those needing help.

U.S. Port Security Is A Global Issue (AVIATION)

By Paul McLeary

[Aviation Week](#), April 16, 2010

Washington

Only 7-10% of the cargo that enters U.S. ports is scanned for illegal drugs or chemical, nuclear or biological agents, Homeland Security Department officials say. But they are quick to add that all cargo is "screened," using a variety of cooperative programs and technologies, prior to reaching port.

Scanning and screening are very different, and the process begins far from the docks of an American port, starting days or weeks before a ship pulls in and begins unloading cargo. Patrick Simmons, director of Non-Intrusive Inspection Technologies at Homeland Security's Customs and Border Protection (CBP) unit, explained to DTI that while 100% of "high-risk cargo" is screened before entering American waters, only a small percentage of cargo that has not previously been flagged as "high risk" actually is physically screened.

Shipping to and from U.S. ports moves \$700 billion in goods in more than 15 million containers each year, and any attack or disruption of this flow would have serious consequences not only for the U.S. economy, but global commerce. That is why the issue of port security, both the physical entity ashore as well as ensuring that arriving ships are not carrying items intended to harm or disrupt the nation, is critical, but somehow it seems to fall below the radar when matters of national security are debated.

The process of screening cargo starts at the point of origin, when the National Targeting Center (NTC) screens the manifests of ships that are leaving foreign ports. "Our targeting center produces every day," Simmons says. "They scan or screen 100% of the cargo through databases, computer systems and such, and generate a list of targets for each point of entry." The NTC uses various methods for determining what cargo-or what shippers-poses a greater security risk than others by using different algorithms. "The rule set is tremendous. How many times has this importer imported? Has he been in trouble before? Is he associated with any groups we're interested in? Then a risk-based score is assigned to the shipment," Simmons explains.

Homeland Security also runs several programs to assist in this effort, the most wide-ranging of these being the Secure Freight Initiative (SFI). In December 2006, Homeland Security, in conjunction with the Energy Department, launched SFI as a pilot program to test if it would be possible to physically scan 100% of U.S.-bound container cargo at three foreign ports-Puerto Cortes, Honduras; Qasim, Pakistan; and Southampton, England-later adding the ports of Busan, South Korea; Hong Kong; Salalah, Oman; and Singapore to the program. SFI is operational at five of these seaports, and while the program increases the U.S. government's ability to have containers scanned for nuclear and radiological material while overseas, the program hasn't been as successful as Homeland Security officials had wanted. The Government Accountability Office (GAO) reported in December that the feasibility of scanning all U.S.-bound cargo at foreign ports "remains largely unproven."

But even here, it's a mixed bag. The GAO says that CBP has been successful in critical technological aspects like "integrating images of scanned containers onto a single computer screen that can be reviewed remotely from the U.S." It has used technologies like mobile radiation scanners successfully at these ports, though the level of participation at test ports remains a problem. There are also troubling numbers. The GAO found that the 54-86% of U.S.-bound cargo containers that were scanned at three ports together account for less than 3% of container shipments to the U.S., and that CBP "has not been able to achieve sustained scanning rates above 5%" at two larger ports that handle much more U.S.-bound cargo.

There is also the Customs-Trade Partnership Against Terrorism (C-TPAT) program that partners with foreign manufacturers. "We do audits on their location, to see if their security measures are up to speed," Simmons says. C-TPAT is a voluntary program between government and importers, carriers, consolidators, licensed customs brokers and manufacturers.

Simmons says that CBP has an inventory of 247 pieces of large-scale imaging equipment spread out over U.S. seaports and land crossing points, but overall "we have a suite of different kinds of technology, both high-energy and low-energy." Low-energy scanners are used for commodities that are not too dense, and the high-energy scanners, since they give agents better penetration, are used on items like frozen or liquid commodities that are more dense and difficult for imaging systems to see through.

As far as specific technologies used to physically scan cargo, the Z Backscatter Van (ZBV) made by American Science and Engineering Inc. has probably been the most successful, and is in the widest use. More than 450 ZBV systems have been sold to 80 customers in 47 countries, according to the company, with 22 vans in use at American ports. The ZBV is a mobile, low-energy X-ray system that Simmons says has "met with incredible success." The U.S.-based vans scan cargo bins at ports for biological, chemical and nuclear weapons, as well as drugs and human stowaways. The CBP was recently awarded \$100 million through

the American Recovery and Reinvestment Act, which will be used to purchase low- and high-energy systems, as well as a few rail imaging systems. The money will double the number of ZBVs in use at port facilities.

In early 2010, the Port of Los Angeles, which is the busiest in the U.S. by container volume and the eighth busiest container port in the world, recently made significant additions to security operations. The most significant is the use of a \$3-million, 55-ft. screening vessel that scans the contents of a ship through its hull as it enters the port while transmitting data in real time to authorities on shore. It comes with a submersible rover that scans hulls for explosives in zero-visibility conditions. Port authorities have also added a sensor pod to a Eurocopter AS350 B2 helicopter that scans ships from above.

Homeland security experts are taking steps to contain the threat posed by port workers themselves through the Transportation Worker Identification Credential (TWIC) biometrics program, which checks the background of dockworkers, truckers and others with business at the port before they can gain unescorted access to vessels and maritime facilities. The plan has been partially implemented, with Phase One put into effect in April 2009. But Susan Monteverde of the American Association of Port Authorities (AAPA) tells DTI that the system isn't where it should be, since right now the cards are presented as a flash pass, while "ideally, we would have [electronic] readers, but the Coast Guard has to develop regulations" for how the biometric cards are to be read, and develop a system to get the readers in the hands of port authorities.

Another concern of the AAPA is the lack of planning guidance in the event of a catastrophic event like an earthquake or debilitating attack. "Right now, we have worked on protecting the asset as it is," she says, "but we really haven't spent money or time on contingency planning, and funds aren't going towards that-and that's a big gap according to our security leaders. We need to do more thinking about [how to react] if we have a terrorist attack or a natural disaster. How do we get these ports up and running as quickly as we can?"

Asked about where else she thinks there is a gap in thinking about security at the nation's maritime ports, Monteverde pointed out that her group believes the Coast Guard has not placed enough emphasis on the threat posed by small vessels like the speedboat that was used to blow a hole in the side of the USS Cole in October 2000, while it was anchored in the Yemeni port of Aden. Seventeen sailors were killed, and 39 were injured.

Will these needs be met? If not, it won't be for lack of money. As Simmons notes, CBP was given an extra \$100 million to spend on technologies this year, on top of a Fiscal 2011 base budget of \$56.3 billion, a 2% increase over Fiscal 2010. Homeland Security requested \$8 million for Science and Technology Safe Container/Time-Recorded Ubiquitous Sensor Technology to develop high-throughput detection technologies to scan containers entering the country for weapons of mass destruction, explosives, contraband and human cargo. Homeland Security has also launched a joint program with the Coast Guard to use Predator B drones to provide surveillance of maritime borders, with the first flight coming later this year.

PUC Might Oversee New Pipelines (PITTR)

By Rick Stouffer

[Pittsburgh Tribune-Review](#), April 16, 2010

State utility regulators are concerned about the safety of pipelines used by Pennsylvania's booming natural-gas industry and are exploring whether they should have new powers to oversee that area and others.

Not all industry participants, however, are in favor of more oversight from the Public Utility Commission.

"Personally, I think the PUC is just trying to expand its power," said Lou D'Amico, president of the newly formed Pennsylvania Independent Oil & Gas Association - a melding of the Pennsylvania Oil & Gas Association, and the Independent Oil & Gas Association of Pennsylvania.

"We don't want them expanding regulation beyond what's already in place," D'Amico said.

Major interstate and pipelines within Pennsylvania are under the jurisdiction of federal or state regulatory agencies. But the pipelines that connect wells to larger transport pipelines - so-called gathering pipelines - lie in a gray area, PUC spokeswoman Jennifer Kocher said.

"Given the significant development that will be associated with the Marcellus Shale region, the commission is concerned about oversight of pipelines and that trucks carrying items used in drilling carry PUC certification and proof of insurance," Kocher said.

The number of gathering lines running from individual wells is unknown - but is thought to be huge.

More than 350,000 oil- and natural-gas wells have been drilled throughout Pennsylvania, dating back to Edwin Drake's first well in 1859.

From Jan. 1, 2000 through April 9, nearly 30,000 oil- and natural-gas wells were drilled, according to state Department of Environmental Protection data. Gathering lines range in length between a few hundred feet to as long as 20 miles, D'Amico said. Marcellus Shale wells could use gathering lines even longer, depending on their proximity to larger pipelines, he said.

For the PUC to have jurisdiction over all gathering pipelines would require special legislation, Kocher said.

A hearing on the PUC's concerns, set for Thursday in Harrisburg, is expected to bring testimony from nine companies and organizations.

Participants include representatives from the Department of Transportation's Office of Pipeline Safety; the state's Office of Consumer Advocate; and a representative from Chesapeake Energy Corp., one of the largest holders of land in the Marcellus Shale formation, which is the source of booming gas exploration and production activity.

"We see the PUC as looking for an expansive say on pipeline safety, and that is something we certainly support," said David Spigelmyer, vice president of government relations for Chesapeake Energy.

The Marcellus Shale formation is about a mile underground through most of Pennsylvania and extends into New York, eastern Ohio and West Virginia. The formation is estimated to hold enough natural gas to satisfy the country's needs for decades, some experts believe.

State Department of Environmental Protection Secretary John Hanger recently said that in-state gas production will increase by 10 times during the next decade - to 2 trillion cubic feet annually by 2020, from the 198 billion cubic feet produced in 2008.

Last year, total wells drilled numbered 2,524, down from 4,192 in 2008. But natural-gas wells drilled in the Marcellus formation rose to 763 from 196.

Through April 11, there were 298 Marcellus wells drilled, compared to 97 in the same period last year, according to DEP data. Total wells drilled were 669, compared to 773 last year, according to the DEP.

It's Pirate Season On The High Seas (MACLEANS)

The rate of pirate activity in March was double that of last fall

By Kate Lunau

Macleans.ca (blog), April 16, 2010

Last week, in a brazen attack, a gang of Somali pirates took on a U.S. Navy frigate. The caper predictably backfired, but it's another episode in the long-running narrative of piracy in the anarchic waters off the African country's shore-and it won't be the last. U.S. officials warn that piracy attacks are expected to increase as the Indian Ocean enters a period of relatively calm weather.

The April 1 incident took place off the western coast of the Seychelles. The USS Nicholas, working in support of U.S. Africa Command, exchanged fire with a skiff before chasing it down. Finding ammunition and cans of fuel onboard, officials arrested three suspected pirates (along with two more on the mothership, which was also confiscated) before sinking the vessel. It was just one of a spate of attacks; according to the European Union's naval force, the rate of pirate activity in March was double that of September to November. Earlier this week there was another major attack, as pirates hijacked a South Korean oil tanker.

Last week, the U.S. Maritime Administration warned of increased piracy off the Horn of Africa and in the Indian Ocean: "Mariners must be vigilant and prepare for potential attacks," warned David T. Matsuda, acting maritime administrator, attributing this to the end of monsoon season and the increased range of recent incidents. What to do with captured pirates is another problem. Naval officials said those captured by the USS Nicholas would remain on board until officials determined how to deal with them. The EU is also in search of a solution. Kenya agreed to try those captured by the EU naval force, but the country now holds over 100 pirates and says it can't take any more. The bulk of the problem will likely have to be handled on shore: until Somalia, whose government collapsed in 1991, achieves stability, stopping the marine criminals will be difficult.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

Toyota Conducts Safety Tests On All SUV Models (NPR)

NPR, April 16, 2010

Toyota is testing all its sport utility vehicles to reassure buyers of their safety after Consumer Reports warned a large Lexus SUV is susceptible to rolling over.

The testing covers the entire lineup of Toyota and Lexus SUVs, including popular models such as the RAV4, the 4Runner and the Highlander, said Toyota spokesman Brian Lyons. The automaker will be testing the vehicles' stability control and aims to replicate the Consumer Reports' test that first uncovered the problem, he said. He was unaware how long the tests would take.

Toyota is also suspending production of the Lexus SUV -- the GX 460 -- which is built in Tahara, Japan, for 12 days starting Friday. The move follows suspension of the vehicle's sales earlier this week.

Toyota has yet to decide whether it will recall the vehicle, a hefty seven-seat SUV sold mainly in North America but also in the Middle East, Russia and some other nations.

The actions reflect a new urgency at Toyota Motor Corp. to deal with safety problems. The automaker in recent months has been plagued by recalls and accusations that it responded too slowly to safety lapses.

Earlier this week, Consumer Reports gave the GX 460 a rare "Don't Buy" rating because its rear slid out too far during sharp turns designed to test the vehicle's handling. That puts the back end at risk of hitting a curb and rolling over.

Toyota says it does not know what's causing the problem, but was working to address it so that the influential magazine, which many shoppers rely on to choose new cars, would retest the vehicle and give it a satisfactory rating.

"I do think Toyota is responding very quickly," said Rebecca Lindland, automotive analyst at consulting firm IHS-Global Insight. "I think the difference is that this situation has been made very public."

On Thursday night, Ford Motor Co. Executive Chairman Bill Ford Jr. said his company is reviewing the handling of its SUVs in response to the Lexus' tests, a standard practice whenever another car company has a problem.

Although Ford is happy with its SUV performance, "We'd like to find out what the issue is with (the Lexus SUV) and then double check to make sure we don't have the same issue," he said after a speech at the Society of Automotive Engineers World Congress in Detroit.

A small-volume SUV that launched in late December, Toyota has sold just 4,787 GX 460s in the U.S. this year. That represents about 10 percent of sales for Lexus and just 1 percent Toyota's overall U.S. sales.

Still, Toyota ordered dealers to stop selling the model in North America on Tuesday within hours of the Consumer Reports warning. Also on Thursday, Toyota said it would expand the sales halt to all markets. The model is not sold in Japan.

Toyota sold about 386,000 SUVs in the U.S. last year, about one-fifth of its total sales, according to Edmunds.com. The Lexus brand has been a cash cow for Toyota and has had a presence in the U.S. since the late 1980s.

Consumer Reports says the problem with the GX 460 emerged during a track test. In the test, the driver approaches a sharp turn unusually fast, then releases the accelerator pedal to evaluate the vehicle's response.

The maneuver mimics what an alarmed driver might do after exiting a highway ramp too fast, Consumer Reports says. In normal circumstances, the electronic stability control -- a computerized system that helps prevent skidding -- should keep the car under control. But it took too long to kick in with the GX 460, causing it to slide almost sideways into the turn.

Consumer Reports said the sliding problem did not occur during the same test of the Toyota 4Runner, which shares the same underpinnings as the Lexus SUV.

Toyota has recalled more than 8 million vehicles worldwide since October, mostly due to flaws in the automaker's pedal design. The Lexus GX 460 was not recalled over pedal problems.

Consumer Reports, widely read by many car buyers for its reputation for objectivity, has been critical of Toyota recently. In January, the magazine pulled its "recommended" rating on eight recalled models.

Toyota also faces a \$16.4 million fine from the U.S. Transportation Department, which says the automaker was too slow to issue its recalls. Toyota has until April 19 to decide whether to contest the penalty.

The department's safety agency, the National Highway Traffic Safety Administration, is also testing the GX 460 to make sure it meets federal safety standards for electronic stability control and to understand how Consumer Reports reached its conclusions.

The last vehicle to receive a similar safety warning from the magazine was the 2001 Mitsubishi Montero Limited, a large SUV whose wheels lifted off the road during avoidance-maneuver tests, posing a rollover risk, according to testers.

U.S.-traded shares of Toyota fell 27 cents to close Thursday at \$80.06.

Toyota Testing All Of Its SUVs In Wake Of Consumer Reports' Warning (LAT)

Troubled carmaker says it will study the entire lineup for stability control. The move comes after the magazine's warning about the 2010 Lexus GX 460.

By Tiffany Hsu

[Los Angeles Times](#), April 16, 2010

Toyota Motor Corp. said Thursday that it had begun testing its entire lineup of SUVs after Consumer Reports magazine warned Lexus GX 460 owners that the vehicle could be prone to rolling over.

Engineers in Japan, where Toyota is based, will study all of its sport utility vehicles on test tracks there, the company said. In addition to Lexus SUVs, Toyota will be checking the stability-control system for models such as the 4Runner and the Highlander.

The automaker stopped selling and began testing the Lexus model just hours after the influential buyer's guide placed the vehicle on its do-not-buy list.

The move followed months of recalls and federal investigations into safety defects in Toyota vehicles.

After conducting a battery of tests designed in-house, Toyota will now try to replicate the rollover problem using tests based on the Consumer Reports trial, said spokesman Brian Lyons.

The magazine found in routine testing that the rear of the GX 460 could slide out when the vehicle was "pushed to its limits" on sharp turns, causing the vehicle to turn almost sideways. Instead of preventing skidding, the computerized stability-control system lagged, testers found.

"We haven't determined the appropriate solution, but Consumer Reports has identified an issue that we need to resolve," Lyons said. "We've made some pretty drastic steps based off their input."

Production of the GX 460 will shut down starting Friday through April 28, and Toyota has halted sales of the model around the world, Lyons said. But the company has yet to decide whether it will recall the SUV.

The Toyota 4Runner is built on the same platform as the Lexus GX 460. But it has not been the subject of complaints and will continue to be produced, Lyons said.

There are about 5,400 GX 460s in the U.S., with 1,600 of them at dealerships, he said.

Lexus, known as Toyota's luxury arm, said on its website that it would offer rental cars to any GX 460 drivers who feel unsafe in their cars.

The National Highway Traffic Safety Administration is reviewing the Consumer Reports findings and running its own tests on the Lexus model after issuing its own warning to consumers to "use care and caution" when driving the vehicle.

Toyota has issued nearly 10 million recall notices globally for sticky gas pedals and faulty floor-mat designs that the company says is linked to sudden-acceleration concerns. Some hybrid models are being blamed for braking problems.

The automaker also has until Monday to decide whether to contest a \$16.4-million fine by the U.S. Transportation Department, which accused Toyota of stalling before issuing the recalls.

Toyota Expands Tests To All Its SUV Models (WSJ)

By Yoshio Takahashi And Jeff Bennett

[Wall Street Journal](#), April 16, 2010

Toyota Motor Corp., striving to take the high road on quality issues, said Thursday it would expand safety testing to all of its sport-utility vehicles, after suspending U.S. sales of its Lexus GX 460 amid rollover concerns.

The car maker also decided to suspend sales of the 2010 Lexus GX 460 in other countries where the luxury vehicle is sold and will halt production of the SUV for nine days beginning April 16 to prevent inventory levels from building up.

Toyota drew praise from the U.S. National Highway Traffic Safety Administration for taking "the proactive step" of offering owners of the luxury SUV a borrowed car until the problem is fixed.

"That is the kind of response we hope every auto maker would take," NHTSA administrator David Strickland said on the sidelines of the Society of Automotive Engineers World Congress meeting in Detroit Thursday. Mr. Strickland said his staffers have noted that Toyota "has definitely been more responsive" since January, when he took over leadership at the federal safety agency.

Toyota will conduct tests on its Rav4, Highlander, 4 Runner, Sequoia, Land Cruiser and FJ cruiser models, as well as the Lexus LX and the Lexus RX. None of those models has shown rollover risk.

NHTSA Thursday said it will conduct its own tests on the Lexus GX 460. Mr. Strickland said Consumer Reports had given the agency a preliminary report before its public announcement Tuesday that the vehicle would get a rare "don't buy" rating slapped on it.

The agency is scheduled to hear by Monday whether Toyota will pay or challenge the \$16.4 million in fines that NHTSA leveled against the auto maker for concealing a defect that caused some of its vehicles to suddenly accelerate.

Separately, a federal judge in Santa Ana, Calif., on Thursday set a date of May 13 for an initial hearing on the nearly 100 suits filed against Toyota related to recalls and allegations of sudden unintended acceleration.

Consumer Reports magazine found that the GX 460 could roll over in certain high-speed situations. Four of the magazine's auto engineers recently found the SUV had a tendency to slide out until the vehicle was almost sideways before the electronic-stability-control system was able to regain control, the magazine said. The problem had the potential to cause a serious rollover accident, Consumer Reports said.

Toyota is now seeking to re-create the situations in which the GX 460 was examined by Consumer Reports to determine whether its SUVs have stability problems. The tests being conducted don't involve recalling any vehicles, and the company won't suspend sales of SUV models other than the GX 460.

The Lexus GX 460 isn't a volume model. Toyota has sold 6,020 GX 460s since its November launch, including a combined 5,400 in the U.S. and Canada. But the problem with the GX 460 is yet another chapter in Toyota's ongoing vehicle-safety saga over sudden acceleration that has led the Japanese auto maker to recall 8.5 million vehicles globally, fix accelerator pedals and use incentive and marketing campaigns to repair its image with consumers.

Toyota has pledged to respond more quickly to safety and quality issues as it seeks to reverse negative publicity after its massive recalls.

Toyota has "to appear like they are right on top of these things because the general feeling was they were not on top of the acceleration issue," said Rebecca Lindland, an automotive analyst at IHS Global Insight. "They want to get the message across that they are listening loud and clear."

With Toyota offering hefty incentives to new-vehicle buyers, Ms. Lindland says it is hard to judge how its sales are being affected by the safety crisis. Earlier this year, IHS Global Insight lowered its U.S. market-share projection for Toyota to 15.7% for 2010, down from an original projection of 16.5%. That compares with 16.9% market share Toyota had in the U.S. in 2009.

"There were cracks in their armor, anyway, and they have just poured lemon on them," she said, noting that stronger competition and Toyota's weakness with young buyers could hurt its sales.

Lexus spokesman Bill Kwong said the company is optimistic that a solution for the GX could come out as soon as early next week.

The Japan-made Lexus GX 460 is exported to the U.S., Canada, the Middle East, Russia and Oceania.

The company sold 6.98 million vehicles overall world-wide in 2009.

Despite the production halt, the company will continue to run the No. 1 line at its Tahara plant, where it makes the luxury SUV, as it makes other models on the same line, the spokeswoman said.

Toyota's world-wide recalls forced the company to temporarily stop operations at five of its North American plants and a domestic plant in Japan in February, while the company started idling some of its output lines in France and the U.K. for a total of at least 12 days from late March. -Kate Linebaugh contributed to this article

Write to Yoshio Takahashi at yoshio.takahashi@dowjones.com and Jeff Bennett at jeff.bennett@dowjones.com

Toyota To Test All SUVs (FOX Biz)

By Darryl R. Isherwood

[FOX Business](#), April 16, 2010

Toyota Motor Corp. (TM) said it will test all of its SUVs after Consumer Reports reported the company's Lexus GX460 is prone to rollovers in high speed turns.

Also Thursday, the National Highway Transportation Safety Administration said it would conduct its own tests on the Lexus trucks. Toyota has pulled the vehicle from its show rooms and said it will try to recreate the Consumer Reports tests.

No recalls are planned as part of the SUV tests and Toyota said it will not halt development of any but the Lexus GX 460.

Toyota has been hammered in recent months by a spate of safety issues. The company is still in the process of working through a massive recall of some eight million vehicles after sudden acceleration problems were discovered.

The shares were down 27 cents to \$80.06.

As U.S. Tests The Lexus GX 460, Toyota Ceases Selling It Worldwide (NYT)

By Micheline Maynard

[New York Times](#), April 16, 2010

DETROIT - Toyota said on Thursday that it was testing the safety of all its sport utility vehicles and had suspended sales of the Lexus GX 460 in markets beyond the United States, where sales were halted this week.

The steps by Toyota, the parent of Lexus, came as David Strickland, the head of the National Highway Traffic Safety Administration, said his agency was testing the GX 460 for the same problems that prompted Consumer Reports magazine to issue a safety warning on the vehicle.

On Monday, Consumer Reports notified Toyota that its engineers had discovered a potentially dangerous problem with the way the vehicle handled on curves. A day later, the magazine said it was recommending that readers not buy the GX 460, a rare step for Consumer Reports.

Toyota stopped selling the GX in the United States on Tuesday and told dealers to offer loaner cars to owners uneasy about driving their vehicles. In Japan, the automaker said that it was suspending sales worldwide and conducting safety inspections of all its S.U.V. models.

Toyota will also delay plans to introduce the GX 460 in China, a dynamic market where it has raced to play catch-up. "We can't move forward with those plans until the test results," a Toyota spokesman, Paul Nolasco, said. "China's a very important market for us. But we're not going to be selling the model until we know for sure what's going on."

Speaking with reporters in Detroit after a speech to a conference of the Society of Automotive Engineers, Mr. Strickland said his agency was testing the Lexus GX to ensure that it met federal stability control standards.

"We'll be taking action after that if it does not comply," Mr. Strickland said.

He commended Toyota for quickly halting sales of the GX 460, in contrast to the agency's efforts to fine Toyota at least \$16.4 million for taking too long late last year to recall vehicles with defective accelerator pedals.

"Toyota has definitely been more responsive," he said. "That is the kind of response I hope every automaker would take. Your consumer should be your first priority."

Speaking of the Toyota recalls, Mr. Strickland said that the agency was looking into requiring automakers to use brake override systems or other technology that could prevent vehicles from suddenly accelerating but added that no decision had been made.

The handling problem arises if the driver of a GX eases off the accelerator pedal while driving quickly through a sharp turn, Consumer Reports said. That causes the rear end of the vehicle to slide toward the outside of the turn, a condition called trailing throttle oversteer.

David Champion, the senior director of Consumer Reports car testing, has theorized that the control system is at fault, but Toyota has reached no conclusion.

The carmaker has had high hopes for the latest version of the GX, introduced in December and built at a high-technology plant in Tahara, Japan. Lexus has sold 4,787 GX models so far this year, up 180 percent from 2009, when the previous version was phased out.

Based on the same frame as the Toyota 4Runner sport utility vehicle, the GX starts at \$52,800 with destination charges and features a 4.6-liter V-8 engine.

Nick Bunkley contributed reporting from Detroit and Hiroko Tabuchi from Tokyo.

NHTSA To Test Lexus SUV For Rollover (WSJ)

By Jeff Bennett

[Wall Street Journal](#), April 16, 2010

DETROIT-The National Highway Traffic Safety Administration will conduct its own tests on the Lexus GX 460 after Toyota Motor Co. pulled the vehicle from dealership showrooms in the wake of a Consumer Reports article citing a potential rollover risk.

"My compliance staff is going to look at this vehicle including the test vehicle that was used by Consumer Reports and that work is under way," NHTSA Administrator David Strickland said on the sidelines of the Society of Automotive Engineers World Congress meeting in Detroit Thursday. "We will see if the Lexus meets our stability requirements and if not and we will make a decision after that."

Pulling the Lexus GX is yet another chapter in Toyota's ongoing vehicle problem saga that has lead the Japanese auto maker to recall millions of vehicles, fix accelerator pedals and spend hundreds of thousands on incentive and marketing campaigns to repair its image with consumers.

NHTSA is scheduled to hear from Toyota by Monday on the \$16.4 million in fines the agency leveled against the auto maker for concealing a defect that caused its vehicles to suddenly accelerate.

Mr. Strickland said the agency also is researching whether to establish rules that would mandate all auto makers to install certain technologies to stop or reduce the potential for sudden acceleration. One of those could be the use of "smart brake." The technology tells the brake to override the accelerator when both pedals are pushed at the same time.

Separately, Mr. Strickland confirmed that the agency has already begun working on new emission and performance standards for 2017 in the light-duty and heavy-duty truck segment.

"We are beginning the conversations with the Environmental Protection Agency and California and there is a great deal of work to be undertaken but we feel we have great template from the work that was done last May on light-duty and we assume that our work on 2017 will have the same level of success not only in light-duty but also in medium duty and heavy duty trucks," Mr. Strickland said.

Write to Jeff Bennett at jeff.bennett@dowjones.com

Feds Look To Summer For Toyota Acceleration Fix (FREEP)

By Greg Gardner

[Detroit Free Press](#), April 16, 2010

Federal safety regulators are looking at a variety of potential solutions to the unintended acceleration issue at the root of Toyota's recall of nearly 6 million vehicles in the U.S., but won't know more about the problem's cause until this summer at the earliest, said David Strickland, administrator of the National Highway Traffic Safety Administration.

"We are looking at one-button on-off controls, smart brakes and electronic data recorders," said Strickland, who spoke today at the Society of Automotive Engineers 2010 World Congress at Cobo Center.

A task force of NASA scientists is looking at the possible influence of electromagnetic interference, software coding and cosmic rays on electronic engine controls. They are expected to report their finding to NHTSA this summer. Another group from the National Academy of Science has started a 15-month research project looking at similar issues.

Toyota executives have said the problem, which more than 1,100 owners have reported to NHTSA and is allegedly the cause of hundreds of accidents that resulted in deaths and injuries, is caused by one of two mechanical issues. One is the possible that out of place floor mats can become entrapped beneath the gas pedal. The second involves gas pedals that may stick in a partially engaged position because of excess friction. Toyota is more than halfway through repairing or replacing gas pedals on 2.3 million vehicles.

Toyota has until Monday to pay or appeal a \$16.4-million fine, the largest NHTSA has ever issued, for delaying that recall after receiving reports of the problem.

Separately, Strickland said NHTSA has not asked Toyota to recall its 2010 Lexus GX460, which the automaker's U.S. Lexus dealers stopped selling this week after Consumer Reports warned its readers not to buy the SUV because it showed an unacceptable risk of rolling over during the magazine's tests of an electronic stability control system.

"After we get the preliminary report from Consumer Reports we will conduct our own tests," Strickland said. "We have made no decision until we assess the risk."

He did commend Toyota's quick response to stop selling the vehicle until the automaker reviewed Consumer Reports' test and conducted its own evaluation of the Lexus SUV's stability.

Toyota Delayed Venza Recall In U.S. For Six Weeks, Records Show (LAT)

The automaker had recalled the vehicle in Canada on Dec. 16 to address floor-mat and gas-pedal problems. It issued a similar recall in the U.S. on Jan. 27. The delay has caught regulators' attention.

By Ken Bensinger And Ralph Vartabedian

[Los Angeles Times](#), April 16, 2010

Toyota Motor Corp. recalled its Venza in Canada late last year because of floor mats that could entrap the gas pedal, but it did not launch a similar recall in the U.S. until six weeks later, records show.

The delay has caught the attention of federal regulators, who last week fined Toyota a record \$16.4 million for failing to promptly recall 2.3 million vehicles to correct problems that could lead to sudden acceleration.

Under U.S. law, automakers have five business days to notify the government after finding a potential defect -- a regulation that the National Highway Traffic Safety Administration has indicated it will strictly enforce.

"NHTSA continues to investigate the timeliness of Toyota's pedal entrapment recall," the agency said in a statement to The Times. "We will continue to hold Toyota accountable for violations we find."

NHTSA is conducting a broad review of Toyota's response to sudden acceleration problems in its vehicles and the timeliness of related recalls. In addition to the Venza, the agency is also examining Toyota's choice not to include the Corolla, Highlander and Matrix in the safety campaign until late January.

Toyota recalled the Venza in Canada in December, telling U.S. regulators Dec. 16 that the all-weather floor mats "could move forward during the vehicle usage" and "may interfere with the accelerator pedal."

By law, automakers must inform NHTSA of any foreign recalls involving models similar to those sold in the U.S. Toyota, however, said it was not recalling U.S. models because the "all-weather floor mats are not imported to the U.S."

Then on Jan. 27, Toyota reversed itself and told NHTSA that it would in fact recall the Venza here, adding it -- along with the Corolla, Highlander and Matrix -- to its ongoing campaign to address floor-mat entrapment.

In a statement to The Times, Toyota said that the Canadian mat "is different" from the one used in the U.S., although it did not indicate what the differences were. The automaker said it determined in January that the U.S. floor mat could also become entrapped, and it then launched a recall here.

In its Dec. 16 report to NHTSA, Toyota said the Canadian mats were made by Remington Industries of Ooltewah, Tenn. That firm did not return calls for comment. Toyota declined to identify the manufacturer of the mats used in U.S. models.

Filings with safety regulators indicate that the actions taken by Toyota to remedy the potential problem were nearly identical in both countries.

Under the U.S. recall involving floor mats and pedal entrapment, Toyota is replacing mats, reshaping pedals, removing floor padding and installing brake override software to prevent sudden acceleration in the 5.4 million affected vehicles.

According to documents filed with Transport Canada, that country's auto safety regulator, Toyota "dealers will modify the accelerator pedal to address the risk of floor mat entrapment. Brake override feature will be added."

The Canadian filing, posted Dec. 17, indicates that 10,000 Venzas in that country are affected. Toyota has not said how many Venzas are affected by the U.S. recall, but last year it sold 54,410 Venzas here, according to Autodata Corp.

As Toyota has struggled through its massive recalls, the automaker has been criticized for not taking a more methodical and coordinated approach to correcting its vehicle defects.

In a letter to Toyota last week, NHTSA took the Japanese automaker to task for failing to promptly recall 2.3 million vehicles for almost four months after determining their accelerator pedals could stick and cause unwanted acceleration.

The letter indicates that Toyota notified dealers in Europe of the problem and a potential remedy on Sept. 29, but shortly thereafter it decided not to implement the fix in the U.S. It did not notify NHTSA of the full extent of the issue until mid-January.

"The result of these decisions was to expose millions of American drivers, passengers and pedestrians to the dangers of driving with a defective accelerator pedal," the letter said.

Toyota has until Monday to respond to NHTSA's April 5 demand that it pay the maximum allowable civil penalty for delaying the sticking-pedal recall.

Federal law provides for a \$6,000 fine for each violation of safety regulations, and in the case of a delayed recall, each vehicle counts as one violation. The total is capped at \$16.375 million, but if it were not, NHTSA wrote last week, Toyota could be liable for \$13.8 billion in fines.

The amended floor-mat recall announced Jan. 27 encompassed an additional 1.1 million vehicles. Industry observers say NHTSA, which is itself under a spotlight for its oversight of Toyota, is unlikely to go easy on any automaker that it determines has violated the law.

"It's such a high-profile matter that the agency is going to try to stick to its guns on demanding full penalties," said Allan Kam, a former senior enforcement attorney at NHTSA who now runs a consulting firm.

ken.bensinger@latimes.com

ralph.vartabedian@latimes.com

Lexus GX 460: The Dying Art Of Controlling A Skid (WSJ)

By Jonathan Welsh

[Wall Street Journal](#), April 16, 2010

One thing the drama over the the skidding Lexus GX 460 shows is how stability control, the electronic system that helps keep cars from skidding, has changed the way we drive. It also shows how much we expect of our cars and how little we demand of ourselves as drivers.

It happened quickly. A decade ago stability control was in its infancy. Only a few safety-obsessed car makers offered it, and even then it was only on certain models, usually at the high end of the price range. Now it is simply a fact of automotive life. Vehicles must have it in order to receive top safety ratings and car shoppers pore over vehicle brochures and owner's manuals to make sure they have it. ESC has become almost as mainstream as the safety belt. But is it really more like a safety net - helping us out of jams that we could have avoided with a little caution and forethought?

Let's face it - we could all stand to sharpen our concentration behind the wheel. It is easier to lose control when you are chatting on the phone, fumbling papers or tapping out a text while steering with your knees. Despite being more distracted than ever, though, fewer Americans are dying in rollover crashes that typically follow those Lexus GX-style skids.

The Insurance Institute for Highway Safety says in 2008 16 people died in rollover crashes per million registered vehicles one to three years old, compared with 28 in 1998 and 41 in 1978. Part of the improvement is due to improved car design. But a big chunk is attributable to electronic stability control, which senses a skid and applies individual brakes to keep the car tracking properly.

It works well. I recall feeling the effect of ESC for the first time in 1999 while rounding a slippery rain-soaked corner in a BMW 328i. It is a good feature to have, but I don't like feeling dependent. So I'm making a point of being a more alert and attentive driver, talking less, listening more and watching the road instead of the screen. It isn't easy.

Toyota Investors Defy Consumer Reports To Revive Market Value (BLOOM)

By Greg Miles And Makiko Kitamura

[Bloomberg News](#), April 16, 2010

(Bloomberg) -- Some Toyota Motor Corp. investors say the automaker's stock is a bargain and poised for gains after recalls involving its top-selling models and criticism of its newest sport-utility vehicle.

Holders including Harris Associates LP and Fortis Investments are betting the automaker's sales and profit recover. The company is recalling more than 8 million vehicles worldwide and has been criticized by the U.S. Transportation Secretary. This week, Toyota's redesigned Lexus GX SUV was called a "safety risk" by Consumer Reports magazine.

Since the world's largest automaker lost \$35 billion in stock value from Jan. 19 to Feb. 23, it recovered \$15 billion of its market capitalization. Toyota's American depositary receipts gained declined 27 cents, or 0.3 percent, to \$80.06 yesterday in New York Stock Exchange composite trading.

"We think that Toyota has more upside than the average name in the portfolio," said Robert Taylor, who manages two funds for Harris in Chicago and is director of international research. Taylor held 11.6 million Toyota shares as of December 31 and says he bought more in the first quarter. He estimates Toyota sells at a 50 percent discount in the market. "We think it's substantially undervalued," he said.

U.S. sales of Toyota's two brands rose 41 percent in March when no-interest loans and other offers increased the average value of discounts to \$2,310, up 46 percent from a year earlier, according to industry researcher Autodata Corp.

A Toyota spokeswoman, Ririko Takeuchi, in Tokyo declined to comment on the company's stock value.

Relative Performance

Toyota has slipped 4.4 percent so far this year, while Honda Motor Co. rose 3.9 percent, Bayerische Motoren Werke AG gained 7.5 percent and Ford increased 26 percent.

Toyota is still one of the most highly valued automakers on a price-to-sales ratio at 0.7, trailing only Honda's 0.71 among top-selling public automakers. Ford's ratio is 0.34; BMW's is 0.43.

Several analysts are optimistic about Toyota. Of 23 forecasters surveyed by Bloomberg, 10 have a buy rating, 10 a hold and three recommend selling the stock.

"There is a chance in a year this is forgotten," said Wendy Trevisani, fund manager for Santa Fe, New Mexico-based Thornburg Investment Management Inc. "The weakness of the yen is a further catalyst for upwards earnings revisions."

Thornburg, which owned 16.3 million shares of Toyota on December 31, still has "substantial" holdings after trimming its stake in the first quarter, Trevisani said.

The yen has weakened 10 percent against the dollar to 93.12 since hitting a 14-year high of 84.83 on Nov. 27.

Biggest Recall

Toyota announced the biggest recall in company history in September, covering 3.8 million vehicles, including some Lexus models and the top-selling car in the U.S., the Camry sedan. The recall over floor mats that could interfere with the gas pedal was expanded in November, and in January, the automaker issued another recall for potentially sticky gas pedals.

By Feb. 4 the U.S. said it would investigate Toyota's Prius, the world's top-selling hybrid, and the automaker said it was considering a recall of the model in Japan, where it was the best-selling vehicle of 2009.

Jim Lentz, the company's U.S. sales chief, told a Congressional committee on Feb. 23 that Toyota may not know the cause of unintended acceleration in as many as 70 percent of reported incidents. President Akio Toyoda testified the next day.

Since Feb. 23, the automaker's New York-traded shares have rebounded 12 percent.

"We don't feel the recent lift in the stock is overdone," Trevisani said. "The operational leverage is high and if the company can appropriately address the negative headlines the stock should continue to make progress."

Reputation Risk

One risk is that Toyota's reputation with car buyers may be permanently damaged, hurting sales volume or profit per vehicle.

More negative attention came this week when Consumer Reports, the influential non-profit magazine, warned drivers that the 2010 Lexus GX 460 SUV could roll over if a driver released the gas pedal during a sharp turn. Toyota halted production and asked dealers in North America, Russia and the Middle East to stop selling the model.

"Consumer Reports is a large and noteworthy publication with legions of fans, and therefore we can expect the 'headline effect' will take another round's toll, much to Toyota's chagrin," said James Bell, an executive market analyst for Kelley Blue Book. The magazine's report "may 'scratch the scab' before healing was complete."

Legal Costs

Toyota faces costs from at least 177 consumer and shareholder lawsuits seeking class-action status and 57 individual suits claiming personal injuries or deaths caused by sudden acceleration.

Those cases could get a boost, according to Professor Carl Tobias of the University of Richmond School of Law, now that the National Highway Traffic Safety Administration has proposed a \$16.4 million civil penalty on Toyota for hiding safety problems from consumers and may issue a second fine.

The risk of more proposed fines, congressional hearings and legal action by the U.S. government has caused Huntington Asset Advisors to avoid Toyota shares, said Peter Sorrentino, senior portfolio manager at the firm, based in Cincinnati.

"We don't know how long political figures will drag this out," said Sorrentino, who helps manage \$12.8 billion. "It's death by a thousand cuts."

He said he would buy shares once it's clear the Justice Department and NHTSA plan no further action against Toyota. Sorrentino also said that Toyota's outlook is bright once the company gets past its current problems.

'Come Back Stronger'

"They're going to come back stronger as a result of this," he said. "The stock has considerably more upside going forward."

Toyota has the resources to withstand the recall and lawsuit costs, Taylor said. The company has about \$42 billion in net cash and securities on its balance sheet, and Taylor said it can generate as much as \$10 billion in cash each year.

Investors like Taylor also are betting that the loyalty of Toyota customers will more than offset the damage inflicted by the recalls and how the company handled them.

Surveys of dealers and customers by auto-research Web site Edmunds.com show consumers believe the company still produces quality vehicles, said Jessica Caldwell, a director of industry analysis for the Santa Monica, California-based company.

'Tune It Out'

"People tune it out," said Caldwell. "Consumers are already trying to forget about this. The consumer's mindset is relatively short term."

Sales of the redesigned SUV with a sticker price that starts at \$51,970 had more than tripled in March, accounting for 8.8 percent of Lexus brand sales. The most expensive Lexus models earn at least 10 times the operating profit per vehicle of a Toyota Corolla small car, according to Koji Endo, managing director of Tokyo-based Advanced Research Japan.

Gentoku Kiyokawa, a Fortis Investments fund manager in Tokyo who bought Toyota shares in February, said in an e-mail that he's not worried about the Lexus GX 460 rating. He predicts it will have "no impact" on the company's value and the stock will be a "good performer." Fortis owned 607,000 Toyota shares as of February 28.

To contact the reporter on this story: Greg Miles in New York at gmiles1@bloomberg.net; Makiko Kitamura in Tokyo at mkitamura1@bloomberg.net

Date Set For Toyota-Suit Hearing (WSJ)

By Dionne Searcey

[Wall Street Journal](#), April 16, 2010

The dozens of plaintiffs who have filed suits against Toyota Motor Corp. over problems tied to sudden unintended acceleration will get their first day in court next month, a California judge has ordered.

Federal Judge James V. Selna has called an initial hearing for the nearly 100 suits filed in federal court on May 13 in his Santa Ana, Calif., courtroom.

In recent months Toyota has recalled six million vehicles in the U.S. and more than eight million world-wide after numerous drivers reported their vehicles were suddenly speeding up, out of their control. Some of the suits blame Toyota for deaths and injuries suffered after vehicles suddenly accelerated while others seek to hold Toyota responsible for a drop in the resale value of consumers' Toyota vehicles in the wake of the recalls.

The hearing will set the tone for what shape the suits take. For instance, the parties must decide how to collectively gather evidence for the disparate suits. For now, Judge Selna has decided to consolidate the injury and death suits with the consumer suits.

The hearing also is important for plaintiffs' attorneys as Judge Selna may select the few attorneys, or hint at who he wants, to take the lead in arguing against Toyota in the litigation. At stake is a pot of money estimated at between \$200 million and \$500 million in attorneys' fees that only a handful of lawyers will split.

Judge Selna's order singled out three plaintiffs' attorneys to take the lead in the days leading up to the hearing: Elizabeth Cabraser, a San Francisco lawyer; Steve Berman, a Seattle attorney and Marc Seltzer, a Los Angeles attorney. His order says these attorneys are temporary designations and "not a precursor of future appointments but simply a means to initiate the process."

"I think I've demonstrated a fabulous track record in complex high-profile class actions," said Mr. Berman, who represented plaintiffs in suits involving the Exxon Valdez oil spill and who is hoping to maintain his lead position.

In his order, the judge also noted the lead attorney for Toyota in the case is Cari Dawson, a lawyer with experience defending numerous class-action cases. A Toyota spokeswoman didn't return a request for comment.

The judge in his order said he would appoint one or more plaintiffs' attorneys to take the lead on the consumer cases and a committee of attorneys to handle discovery requests.

Beshear Signs Texting-while-driving Ban (CincEnq)

By Amanda Van Benschoten

Cincinnati.com, April 16, 2010

FRANKFORT - Sending cell phone text messages while driving will become illegal in Kentucky under a bill signed into law today by Gov. Steve Beshear.

The bill also bans all cell phone use behind the wheel for drivers under the age of 18.

Adult drivers can still make cell phone calls and use global positioning system (GPS) devices while driving. Underage drivers may not use GPS while the vehicle is in motion.

The ban will go into effect in July, but drivers will receive a warning from police until Jan. 1, 2011. After that, the penalty is a \$25 fine for the first offense and \$50 for all subsequent offenses.

"The ban on texting will help increase awareness and encourage drivers to stay focused on the task at hand," Beshear said. "Safety is a top priority of this administration and we will continue our efforts to reduce fatalities on Kentucky roadways."

He said more than 57,000 vehicle crashes last year were caused by distracted driving, inattention and cell phone use.

Of the 791 fatalities on Kentucky roadways last year, more than 200 were attributed to distracted driving, inattention or cell phone use.

"Zero fatalities is our goal, and this bill helps us move toward that goal," said Acting Transportation Secretary Mike Hancock.

In December, Beshear issued an executive order banning texting-while-driving by state employees driving state-owned vehicles.

Kentucky is the 22nd state to ban texting-while-driving statewide.

Beshear Signs No Texting While Driving Bill (WFIE)

By Rich Miller

WFIE-TV Evansville, IN, April 16, 2010

FRANKFORT, KY (WFIE) - Gov. Steve Beshear has signed House Bill 415 into law-banning texting for all drivers and cell phone use for drivers under 18.

Kentucky recorded more than 57,000 crashes last year due to driver distraction, inattention and cell phone use.

"The ban on texting will help increase awareness and encourage drivers to stay focused on the task at hand," Gov. Beshear said. "Safety is a top priority of this administration and we will continue our efforts to reduce fatalities on Kentucky roadways."

The law bans texting for drivers of all ages while the vehicle is in motion. For drivers over 18, it allows the use of global positioning devices and reading, selecting or entering a telephone number or name for the purpose of making a phone call. Texting is allowed only to report illegal activity or to request medical or emergency aid.

For drivers under 18, no use of personal communication devices such as cell phones and pagers is allowed while the vehicle is in motion. The use of a global positioning system is allowed, but manually entering information must be completed while the vehicle is stopped.

"I thank God for allowing the House and the Senate to be able to agree upon and to pass at least one highway safety bill that is guaranteed to save lives," said Rep. Tom Riner, of Louisville, sponsor of the bill. "If citizens knew all the obstacles facing its passage, they would agree that the final passage of HB 415 was nothing short of a miracle."

"I fought hard to see legislation to ban texting while driving get through the process simply because I believed - and still believe -- it is important legislation that will not only save lives, but has the opportunity to train generations of new drivers with safer driving habits," said Sen. Denise Harper-Angel, of Louisville. "These younger drivers will be prohibited from using cell phones during the first six months of their driving experience. I am thrilled that we have finally taken steps to reduce accidents related to texting."

Law enforcement officers will issue warnings until Jan. 1, 2011. On or after January 1, violators will be liable for fines of \$25 on a first offense and \$50 on each subsequent offense, plus court costs.

There were 791 fatalities on Kentucky roadways in 2009, declining for the fourth consecutive year. More than 200 of those fatalities were attributed to distraction, inattention or cell phone use.

In December 2009, Gov. Beshear launched his Eyes on the Road effort --an executive order prohibiting text messaging by state employees who are driving government-owned vehicles.

Kentucky is the 22nd state to ban texting while driving. Twelve states banned texting while driving in 2009. So far in 2010, Iowa and Wyoming have similar laws. Legislation is pending in various other states.

Gov. Signs Distracted Driving Legislation (EDSUN)

[Edmond \(OK\) Sun](#), April 16, 2010

EDMOND - Gov. Brad Henry has signed into law legislation that will allow law enforcement to cite drivers who drive dangerously while using their cell phone, but prohibits them from initiating a traffic stop simply for operating a cell phone.

House Bill 2276, authored by state Rep. Rex Duncan, R-Sand Springs, amends existing law to require law officers to observe driving that "poses an articulable danger to other drivers.

"My legislation is a nice compromise between penalizing drivers who use cell phones and ignoring a growing public safety concern," Duncan said in a news release. "Operating a cell phone can distract the driver and cause an accident, but we shouldn't penalize drivers who are otherwise driving safely."

Duncan said the focus is that the simple use of a cell phone in itself should not be prohibited. When it is coupled with weaving, running other cars off the road or tailgating, it will constitute distracted driving, Duncan said.

The law also doesn't refer to texting specifically in the bill so as to encompass all future cell phone uses. When texting is old technology, this law will still be relevant, he said.

The legislation was signed by the governor on Tuesday. The new law will go into effect Nov. 1.

Texting While Driving Would Become A Primary Offense Under Senate Bill (NOTP)

By Bill Barrow

[New Orleans Times-Picayune](#), April 16, 2010

Drivers who type, send or read text message while driving could get pulled over and fined under a bill that cleared a Senate panel today. Current law, passed in 2008, bans text messaging behind the wheel, but makes it only a secondary offense that an officer can add on to another violation.

Sen. Butch Gautreaux, D-Morgan City, said he believes the practice is widespread and dangerous enough to warrant Senate Bill 9. He recounted to the Senate Transportation Committee a recent trip on the interstate, where he encountered a swerving driver.

"I thought this fellow had to be drunk," Gautreaux said. "I got up to him and saw that he was just texting away." The senator recounted statistics that attribute a greater proportion of automobile accidents to distraction than to intoxicated drivers. "It's better to be drunk while driving than texting while driving," he said.

The bill now goes to the Senate floor.

Towns Ban Texting (WNCF)

By Lisa Blackwell

[WNCF-TV Montgomery, AL](#), April 16, 2010

JACKSONVILLE (WNCF) - Two Alabama towns have now banned texting and driving, as calls for its ban throughout the state continue to increase.

Both Jacksonville and Roanoke have banned the practice, in laws that went into effect in March and April respectively.

No tickets, however, have been issued yet.

Texting and driving is already banned in 20 states throughout the country, but not Alabama.

Wis Texting Ban Bill Headed To Governor (AP)

[Associated Press](#), April 16, 2010

MADISON, Wis. (AP) - A ban on texting while driving in Wisconsin is headed to the governor.

The state Assembly on Thursday agreed with changes in fines for violating the ban that the Senate approved earlier in the week.

Under the bill, anyone caught sending an e-mail or a text message while driving could be fined anywhere between \$20 and \$400. That is the same penalty as inattentive driving.

Gov. Jim Doyle supports the bill and is expected to sign it. The ban will take effect seven months after he signs it.

Nebraska Is Latest State To Outlaw Texting While Driving; Other States Pursue Rule (LLMAG)

By Keith Goble

[Land Line Magazine](#), April 16, 2010

The feds already prohibit truckers from texting while driving. Meanwhile, the list of states to forbid all drivers from the practice of reading, writing or typing text messages continues to grow.

Nebraska Gov. Dave Heineman signed a bill into law this week that bans texting and driving. As of July 1, texting while at the wheel will be a secondary offense, meaning police officers couldn't pull over potential violators without suspecting them of breaking another law.

Violators would face \$200 fines. Repeat offenders would face \$300 fines while subsequent offenses would result in \$500 fines. Each violation would assess three points against a person's driver's license.

State law already forbids teen drivers with provisional licenses, learner's permits or school permits from texting or talking on cell phones. Violations are secondary offenses.

Nebraska becomes the 22nd state to outlaw texting while driving for all drivers. That number is expected to climb in the days, weeks and months ahead. In recent weeks the governors in Iowa and Wyoming have signed into law texting bans. Similar efforts are awaiting signatures from the governors in Kentucky and Wisconsin while more states continue to discuss the issue.

Critics question whether rules are needed specifying that texting while driving is against the law. They point out that states already have laws on the books prohibiting careless driving and distracted driving. Others say texting bans are difficult to enforce.

Supporters say there are many laws that are difficult to enforce, but that is no reason to ignore the problem. They also say a ban sends a message to the public that texting is unsafe.

Distracted driving is also getting a lot of attention at the federal level. Early this year, U.S. Transportation Secretary Ray LaHood made text messaging while driving off-limits for commercial drivers.

In recent weeks the U.S. DOT unveiled a proposal that would elevate texting while driving a truck or bus to its most serious category.

If approved, three violations in a three-year period would result in a 120-day suspension - the same penalty truck drivers face if they've been cited for violation of state or local laws in connection with three fatality wrecks during that same time period.

Shut Up And Drive: Feds Target Talking, Texting Behind The Wheel (ABC)

April is National Distracted Driving Awareness Month

By Suzan Clarke

[ABC](#), April 16, 2010

Despite indisputable evidence that it's a dangerous practice, cell phone use behind the wheel is a growing problem.

Federal program uses education and enforcement to curb risky driving.

Studies show that people who talk and drive at the same time are four times more likely to crash. Those who text and drive are 20 times more likely to have an accident.

Every year, about 6,000 people are killed and 500,000 injured because of distracted driving, U.S. Transportation Secretary Ray LaHood has said.

Related

Exclusive: Driving Fatalities Fall to Record Lows, According to Report

WATCH: Mothers Against Texting and Driving

What Some People Do Behind the Wheel States Have Enacted Distracted Driving Laws Even though six states have banned talking on a cell phone while driving, and 21 have banned texting, people can't resist taking calls and returning e-mails when behind the wheel.

The new federal pilot program aims to curb that risky behavior. Launched April 8 in Syracuse, N.Y., and April 10 in Hartford, Conn., the program combines education and enforcement -- much in the way that previous national enforcement efforts for drunk driving and seat belt laws have done.

The campaign's slogan is "Phone in One Hand. Ticket in the Other."

Police officers in the designated communities have set up checkpoints, and are ticketing any drivers who are caught violating the law.

"It's time for drivers to act responsibly, put their hands on the wheel and focus on the road," LaHood said in a statement.

US Transportation Department Cracking Down On Drivers Who Text (KVUE)

By Andrew Horansky

[KVUE-TV Austin \(TX\)](#), April 16, 2010

The government's newest public service announcements are intense. They show actors texting and talking while driving who swerve from their lanes and into other vehicles.

They are part of a new push to crack down on drivers who text and use cell phones. In New York and Connecticut, the transportation department is also funding a pilot program to see if an increase in tickets causes a decrease in cell use. Results will be known in a year.

Officers in Austin compare the initiatives to successful "Click It or Ticket" and DWI campaigns.

"[A texter] is just as bad as a drunk driver," said Cmdr. Stephen Baker, Austin Police Department. "And they cause those fatal crashes that drunk drivers cause as well."

In Austin, texting while driving is a misdemeanor carrying a fine of up to \$200. However, not all Austinites feel that is enough of a penalty to stop bad behavior.

"I don't think tickets, or even laws in general, will deter everybody," said Jodi Henderson, driver.

According to the government, a person who texts while driving is 20 times likelier to have an accident. Consequences can be severe.

Last month in a landmark case, a jury ordered a Texas A&M student to pay \$22 million in damages from a deadly 2007 accident where he was found to be texting.

Hoping others won't have to learn the hard way, Oprah Winfrey has launched a campaign calling on the public to sign a pledge promising to not text and drive.

According to Cmdr. Baker, "it actually hits home when you realize how dangerous it is out there." He is urging everyone to make the pledge.

California Traffic Deaths Head Toward All-time Low (MERCN/AP)

By The Associated Press

[San Jose Mercury News](#), April 16, 2010

SACRAMENTO, Calif.-Preliminary statistics show California at an all-time low in deaths from traffic collisions.

The California Highway Patrol on Thursday reported traffic fatalities are down 29 percent over three years. It says deaths per miles driven appeared to be at their lowest level ever in 2009.

That means about 700 fewer deaths on state highways and in rural areas primarily patrolled by the CHP. The CHP says that translates into 19,000 fewer injuries and an economic savings of \$7 billion. The savings are in lost wages, medical expenses and property damage.

The CHP and Gov. Arnold Schwarzenegger, in a statement Thursday, credited the hiring of 540 more officers over the last four years. Officers are issuing 8 percent more tickets and 74 percent more verbal warnings.

Deaths From Traffic Collisions In California On Track To An All-time Low (SALINAS)

[Salinas Californian](#), April 16, 2010

Four years after the California Highway Patrol received funding to bolster the ranks of CHP officers throughout the state; the increased staffing appears to have shown a positive impact on traffic safety and a reduction in the economic impact of traffic collisions and fatalities statewide.

"Saving lives is what traffic safety is all about," said Gov. Arnold Schwarzenegger. "The efforts of these officers and law enforcement throughout the state mean that more people are traveling home safely at the end of the day."

In 2006, Governor Arnold Schwarzenegger vowed to increase CHP patrol positions by 1,000 officers. The Governor's promise marked the first time in 40 years that the CHP had been provided an increase in officer positions intended strictly for patrol responsibilities. To date, 540 new officers have been hired and are actively patrolling in commands throughout the state.

Although final statistics are not yet available, preliminary numbers show that in the three years since the increase in new officers, approximately 700 fewer people have died on the state's highways and unincorporated areas - roadways primarily the responsibility of the CHP, according to CHP statistics. The economic savings as a result are estimated at more than \$3 billion, using statistics from the National Safety Council that approximates the average cost of fatal and nonfatal injuries from motor vehicle crashes. During the same time, preliminary statistics show there were over 19,000 fewer people injured resulting in a

potential savings of nearly \$4 billion. The calculable costs of motor-vehicle crashes are wage and productivity losses, medical expenses, administrative expenses, motor vehicle damage, and employers' uninsured costs.

As a result of the projected lower fatalities, the Mileage Death Rate - a standard measurement of traffic safety that translates into the number of persons killed per one million miles of travel - is anticipated to reach its lowest level in history for 2009.

While preliminary numbers show fatal collisions are down approximately 29 percent, enforcement and services to the public have increased, meaning a quicker response to collisions and roadway hazards and a higher level of assistance to motorists who call for help from the CHP. While statewide, officers issued 8 percent more citations, they also gave 74 percent more verbal warnings to motorists. Motorist services increased 13 percent, according to CHP statistics.

Additionally, for the first time in the Department's 80-year history, all 103 field offices are now staffed 24 hours a day, seven days a week.

"It's clear that the additional officer staffing has proved to be beneficial to all Californians and those who visit and use the state's roadways," Commissioner Joe Farrow said. "I applaud the dedication of all CHP officers to keep the roads safe for everyone."

SAE 2010: Affordable Technology Key To Meeting The 2016 CAFE Rules (Autoblog)

By Sam Abuelsamid

[Autoblog \(blog\)](#), April 16, 2010

Affordability as the watchword Tuesday as automotive engineers at the SAE World Congress discussed how to meet the new 2016 corporate average fuel economy standards. Automakers will have to get their fleets to an average of 34.1 miles per gallon (35.5 equivalent with other factors for the EPA CO2 limits). Most automakers are already well on their way to this level with their next-generation designs. However, to do it they will have to make improvements to virtually every model in the entire fleet. They can't just add hybrid technology to a couple of models.

In order to get the mileage they need without pricing themselves out of the market, the focus will be on five major areas. Most important will be engine downsizing through the use of direct injection, variable valve timing and turbocharging. Since Americans have a preference for automatic transmissions, traditional torque converter automatics will see improved lockup clutches, reduced internal friction and going from four and five ratios to six to eight speeds.

Dry dual clutch transmissions will start appearing on the Ford Fiesta in the coming weeks and spread quickly to other vehicles. Honda has even installed a dual clutch transmission in the new VFR1200F motorcycle. Automatic start stop systems will also proliferate from a number of automakers. Currently, the EPA sticker value doesn't really reflect the real world benefits of start-stop in urban driving. However, the EPA's CO2 standard includes vaguely defined adjustment factors for improvements to systems like air conditioning. Because it would be difficult to change the test cycle to include more stops, EPA is more likely to apply such an adjustment factor for cars with start-stop.

Finally, weight reduction is on everyone's agenda right now. Several recent introductions have been lighter than the predecessors, including the 2011 Hyundai Sonata (200 pounds less) and Volkswagen Touareg (over 400 pounds less). Ford is targeting up to 750 pounds in savings by 2016 on some vehicles.

Phone App Silences Texts While Driving (AP)

By Seth Amitin

[La Canada Valley \(CA\) Sun](#), April 16, 2010

Erik Wood was walking his 3-year-old daughter Eve to their suburban Seattle home after an outing to a park in October when a driver nearly hit Eve.

"It's not like in New York, with all the cars honking and street noise," said Wood, a La Cañada High School alum and landscape architect. "This driver was coming at [Eve], and I pulled her out of the way. Her car's bumper was just a few inches away from my kid's face."

The driver, Wood said, was text messaging while driving.

After a few nights of hard sleep, Wood called his friend Jon Lam, a La Cañada resident, and the two began a project: create a cell-phone application that would deter drivers from texting.

"When we started, we looked around on the market," said Lam, who works as a money market manager in Pasadena. "There was nothing on the market as Erik envisioned it. We saw some that had some kind of hardware; some other ones that didn't have a GPS function. But we knew we could beat them on simplicity, price and effectiveness."

advertisement

This month, Wood and Lam released their creation: Otter.

Otter is a cell-phone application that deters drivers from answering text messages or stops the phone from receiving them altogether at the user's prerogative. The application is available for the Android cell phone. Wood and Lam are working on making it available for Blackberry phones and iPhones soon.

The original version of Otter was simple. When the user received a text, three automated response "balloons" popped up on the screen, and the user chose one of those responses to send back.

"This didn't eliminate texting, though," Lam said. "It just made texting 10 times quicker, as my wife pointed out."

So they worked on a secondary version where the message sent was automatically sent, modeled after the "Out of Office" reply in Microsoft Outlook.

The Otter application was released the first week of April and so far has attracted 100 users.

"We're not in this for the money," Lam said.

The Virginia Tech Transportation Institute did a study on texting in 2009 and discovered that the risk of getting into an accident is 23.2 times higher for a driver texting than driving without a distraction. Using or reaching for another electronic device was 6.7 times as dangerous.

The study also found that texting took a driver's focus away from driving for an average of 4.6 seconds.

A December 2007 simulator study by Clemson University tested drivers' abilities to "stay in their lanes on a curvy road while they completed tasks." The study found that drivers who were text messaging or using mp3 players veered out of their lanes 10% more often.

"If you're going into a meeting, you can still feel connected to your texts, but you do it on your terms," Wood said. "We're promoting it as a tool. I think it's pretty accessible to have this tool that someone can choose to use and do the right thing."

The Otter application has three functions. The first is the manual, where the phone is activated until it's deactivated. The user can have it on for 10 minutes or two hours.

The second is the GPS function, where the application will activate when the phone is moving faster than 10 or 15 mph.

The third is a parental control option for users where a parent can apply the GPS function on their son or daughter's phone, whether or not they want it.

"What gets teens to text while driving is they feel the need to reply to a received message," Wood said. "Otter silences those notifications. If Otter is on, it will stop them from receiving the texts."

When the user receives a text, he or she can have the phone send an automatic reply, like the Out of Office model, or can respond with one of the three bubbles.

"Otter was never supposed to be a shackle it's supposed to be the user's decision to use it or not," Lam said.

Business Insider: Ex-NHTSA Boss Sounds Alarm (DETN)

[Detroit News](#), April 16, 2010

A former National Highway Traffic Safety administrator said last week he recently filed a complaint with the agency over a sudden unintended acceleration issue with a German automobile.

"I didn't get a response interestingly," Jeffrey Runge, who was NHTSA administrator from 2001-2005, told C-SPAN last week. "I'm not sure it wasn't my fault. I reached down, and I grabbed the floor mat and pulled it back and threw the car in neutral ... and turned the car off. It hasn't happened in months and months, but I thought it was a good idea to tell the agency."

Most of the 30,000 people who file complaints with NHTSA annually never hear anything. NHTSA has pledged to do a better job responding to complaints. "If it's a random complaint that doesn't fit a trend, you may not get a call," Runge acknowledged.

Advertisement Calorie info to come at cost

It's not enough that the federal health care bill contained a nine-page provision requiring restaurant chains with 20 or more locations and many vending machine operators to absorb higher costs by putting calorie information on their menus or vending items in another year, a move that will affect thousands of eateries in Michigan.

The provision also says exempt food establishments or vending machine operators can choose to subject themselves to the menu mandate and its enforcement "by registering biannually the name and address" of their company with the federal government. Of course, this "voluntary provision of nutrition information" will require federal bureaucrats to draw up a bunch of proposed rules.

Or restaurants could skip the food police and provide the menu calorie counts themselves. Back-up transport

First there was the Volvo-Geely deal, then the Renault, Nissan and Daimler almost-alliance and, on Monday, a little-noticed partnership between Land Rover and the U.S. Equestrian Federation.

Both Land Rover, now owned by Tata Motors, and the federation are popular with the horsey set. They both evoke quiet country living, with horses grazing in the mist as a perplexed driver in wellies and tweeds peers under the Land Rover's hood.

The U.S. Equestrian Federation gets a new vehicle sponsor -- Land Rover will be the official vehicle of the 2010 Rolex Kentucky Three-Day Event in Lexington, Ky. -- and Land Rover owners get loaners who'll nuzzle them and run on oats.

NHTSA Chief: Hybrids May Be Pedestrian Risk (DETN)

By David Shepardson, Detroit News Washington Bureau

[Detroit News](#), April 16, 2010

Detroit -- The head of the National Highway Traffic Safety Administration said today that quiet hybrid vehicles may pose risks to pedestrians.

David Strickland, the new NHTSA administrator, also raised concerns about in-vehicle entertainment systems that could distract drivers.

"A quieter fleet could potentially put pedestrians at risk, especially blind pedestrians," Strickland said at the Society of Automotive Engineers World Congress today.

"NHTSA is currently conducting a research program on quieter cars and the safety of blind pedestrians. Our analysis of limited data from 12 states shows that hybrid electric vehicles do have a significantly higher incidence rate of pedestrian crashes than internal combustion engines for certain maneuvers -- like slowing or stopping, backing up, entering or leaving a parking space, and making a turn."

NHTSA is working on the second phase of its research project "to assess how we might require vehicles to emit a base level of sound at low speeds to provide some level of identification to pedestrians that a vehicle is approaching.

"We think to be effectively this sound has to be readily identifiable as a vehicle," he said.

NHTSA also is considering a crackdown on distracted driving.

"Rather than react to every technology as it pops up and becomes a distraction, NHTSA needs a framework that clearly defines the danger zone for the driver," Strickland said. "We will not take a back seat while new telematics and infotainment systems are introduced. These have too great a potential to create more and more distraction for the driver."

As part of NHTSA's distraction plan, he said, "we will be taking a hard look at guidelines or requirements for these systems. I am challenging the auto industry and the cell phone industry to work collaboratively with us to keep the driver focused on their required task: driving."

NHTSA is also working to finalize its rear-back-over standards required by Congress, Strickland. That could ultimately require automakers to install back-up cameras or other technologies to alert drivers of a person behind a vehicle.

In 2008, Congress ordered NHTSA to review whether to set standards that expand the "required field of view to enable the driver to detect the presence of a person or object behind the vehicle in order to prevent death and injury resulting from backing incidents, particularly incidents involving small children and disabled persons."

The new rules would be phased in over a four-year period.

Some safety advocates want NHTSA to mandate back-up cameras.

In 2007, NHTSA estimated back-over accidents result in at least 183 fatalities annually and about 7,000 injuries.

Strickland also said NHTSA is working already on the 2017 and beyond fuel economy standards.

dshepardson@detnews.com (202) 662-8735

Friends Don't Let Friends Text And Drive (Paisano)

By Tim Curtiss

[El Paisano](#), April 16, 2010

As a child, teenager, and young adult our decision making skills are covered with responsible driving technique pamphlets and speeches like a Los Angeles freeway is covered with graffiti. More then often the message being given is some type of persuasion, leading us to not drive, or enter a car with a driver who is under the influence.

Commonly the factors leading to

this dangerous driving are alcohol and drugs, but in this day and age there is another vice to endanger our lives while driving, cell phones.

Isaac Newton once famously said that for every positive action, there is a negative reaction, and this law of physics is true in many facets of life.

Along with the GPS and full HTML web browsing our cell phones are capable of is a potentially fatal element of distraction.

Two thirds of accidents are birthed from

distraction, this includes eating, applying make-up, and more frequently, texting and talking on cell-phones. These acts are often committed by teenagers and young adults, and the conclusion to that story is not one with a happy ending.

According to the Impact Teen Drivers group, "driving-related accidents are the leading cause for teens". In addition to this already staggering fact is that "more than 75 percent of fatal teen collisions are not caused by drugs or alcohol."

So what is the major cause to many of these remaining accidents? You guessed it, cell phones. Because according to the National Young Driver Survey: Teen Perspective and Experience with Factors that Affect Driving Safety, cell phones inhabit 57 percent of things drivers do to take their eyes off the road.

The dangers presented with their arrival puts not only drivers, but anyone who makes contact with the open road, whether it be passengers in a car or a child playing on the sidewalk.

Neglecting these clear and present dangers is not only a mark of ignorance but of complete disregard for the safety of yourself and others. A text message asking the time of a movie tonight could cost one their life or the life of countless innocent bystanders.

An increase in attention must be placed on this increasingly common practice, and yes there are laws to enforce regarding these certain unsafe technological actions but they are certainly not doing enough.

Manchin Declares May Motorcycle Safety And Awareness Month (WHSV)

[WHSV-TV Harrisonburg, VA](#), April 16, 2010

Gov. Joe Manchin signed a proclamation Thursday declaring May to be Motorcycle Safety and Awareness month. Local law enforcement and highway safety advocates were on-hand for the proclamation held on the West Side of the State Capitol at noon.

"As a motorcyclist myself, I know the importance of wearing the right clothing and safety gear. The other half of the equation is awareness of automobile drivers who need to watch out for motorcyclists as the weather gets warmer. There will be more of us traveling, and we all need to be mindful of each other and share the road."

Additionally, as part of a region-wide effort, this weekend, April 17-18, law enforcement in seven West Virginia counties will conduct focused enforcement efforts concentrating on speeding, improper licensure, drinking and riding, and other infractions that are major risks to the safety of motorcyclists. The seven counties included in the blitz are: Doddridge, Monroe, Pleasants, Ritchie, Roane, Summers, and Wood.

In West Virginia last year, 25 people were killed while riding a motorcycle, down over 50% from 2008's total of 55. According to Joe Tyree, Program Manager of the West Virginia Motorcycle Safety and Awareness Program, "Even though motorcycle fatality numbers are down in West Virginia, they are up nationally, and we need to be vigilant in our safety efforts to keep those numbers down."

According to the National Highway Traffic Safety Administration (NHTSA), in 2008, 5,290 motorcyclists were killed-an increase of 2 percent over the 5,174 who died in 2007. There were 96,000 motorcyclists injured during 2008.

"Motorcycles make up less than three percent of all registered vehicles in the U.S., and less than one percent of vehicle miles traveled. Yet in 2008, they accounted for 14 percent of total traffic fatalities, 17 percent of all occupant fatalities, and four percent of all occupants injured," said Elizabeth A. Baker, Ph.D., NHTSA's Region 3 Regional Administrator.

"Per mile traveled, motorcyclists are about 37 times more likely than passenger car occupants to die in a traffic crash," Dr. Baker said. "Unlike passenger cars, there's no protection on a motorcycle, which greatly increases the likelihood of being seriously injured or killed in an incident."

Studded Tires Deadline Extended (HOMERNEW)

[Homer \(AK\) News](#), April 16, 2010

The lower Kenai Peninsula communities south of latitude 60 degrees, including Happy Valley, Anchor Point and Homer, had the deadline extended to May 1 to remove studded tires. Alaska Department of Public Safety Commissioner Joseph Masters issued an emergency order on Wednesday allowing motorists on the lower peninsula to keep driving with studded tires until May 1.

Even without the extension, motorists could have driven with studded tires on the entire Sterling Highway until May 1. The deadline for the rest of Alaska north of latitude 60 is May 1. Latitude 60 is just south of Ninilchik near Deep Creek.

"The extension should provide all motorists that additional margin of safety on lingering winter roads," the Department of Public Safety said in a press release. "This extension should also show that the state of Alaska is concerned enough to remain flexible in deadlines to best ensure the safety on roads."

Visalia Police announce DUI Checkpoint (VISALIA)

[Visalia Times-Delta](#), April 16, 2010

Visalia police are having a DUI and drivers license checkpoint Saturday at an undisclosed location. These checkpoints are designed to keep drunk drivers off of the streets and educate the public about drinking and driving, according to Sgt. Steve Phillips.

A Friday checkpoint resulted in eight weekend arrests, including four on suspicion of driving under the influence.

Md. Speed Cameras Not Covering Costs (WP)

[Associated Press](#), April 16, 2010

The head of Maryland's highway administration says speed cameras used throughout the state aren't issuing enough fines to pay for the cost of operation.

But State Highway Administrator Neil J. Pedersen says that it's worth it to the state to pay additional money for the cameras if it means people are driving more carefully.

Pedersen told reporters at a news conference Wednesday that police have noticed fewer crashes and his employees and contractors have seen fewer vehicles going more than 10 miles per hour over the speed limit in the work zones where the cameras are used.

Maryland has used speed cameras since October to zap speeders with \$40 fines, if they are caught going at least 12 miles an hour over the posted limit in some areas near schools and work zones.

--

WH Opposes Higher Gas Taxes Floated By S.C. GOP Sen. Graham In Emerging Senate Energy Bill (FOX)

[FOX News](#), April 16, 2010

UPDATE TWO: Sen. Graham's spokesman, Kevin Bishop, passed along a set of talking points about the South Carolina Republican's still-developing tax on gasoline, a so-called "linked fee" that would establish a separate tax on a gallon of gas and adjust that tax over time in relation to lower industrial and utility pollution. In theory, as emissions fall, so would the magnitude of the tax on gasoline.

Graham is adamant his energy fee is not a straight gasoline tax, even though critics say by whatever name it will raise the price at the pump and, consequently, harm recession-battered consumers.

The Senate GOP leadership today took pains to say this tax idea is Graham's and Graham's alone. It's not the first time Graham has been out on a policy limb. Graham insists his approach is better than one-size-fits-all federal regulations (The Environmental Protection Agency now has the legal authority to impose regulations reducing green house gas emissions. The agency recently announced it would delay any new for one year to give Congress time to hammer out its own climate change legislation). President Obama has said he prefers congressional action to federal regulation.

Graham's office, via spokesman Kevin Bishop, described the senator's efforts this way:

"Senator Graham does not support a gas tax. And the bill he is working on does not include a gas tax. He is working with the energy industry to protect consumers from a cap-and-trade system which would do great damage to our economy and national security by driving our refiners overseas.

In this effort, he has some simple but important goals.

- . Create legislation that will significantly reduce our dependency on foreign sources of oil. Today we are more dependent on foreign oil than we were before 9/11. It is a national imperative that we must break this unhealthy addiction. By importing ever increasing amounts of foreign oil, we are placing our economy and national security at risk.

- . Preempt the EPA (Environmental Protection Agency) from issuing regulations on greenhouse gas emissions which will do great harm to our economy.

- . Create millions of new, 21st Century jobs by ensuring environmental policy is good economic policy.

- . Limit carbon pollution.

UPDATE: Confirming earlier reporting in this blog, the White House has now officially announced its opposition to any increase in federal gasoline taxes as part of Senate climate change legislation.

Sen. Lindsay Graham, R-S.C., has advocated higher gasoline taxes in the context of intense and highly complex negotiations to build Republican support for climate change legislation. Graham doesn't call the higher fee - currently proposed as 15 cents per gallon - a straight gasoline tax. Rather, Graham considers it a fee on oil and gas industry pollution.

Graham is working with Democratic Sen. John Kerry of Massachusetts and Sen. Joe Lieberman, I-Connecticut, to forge a bipartisan consensus on a climate change bill. Those efforts continue. White House opposition to the gas tax all but kills the idea,

but the White House statement leaves is vague enough not to rule out entirely some variation of the Graham proposal. Negotiations continue.

Here is the official White House position in a statement from White House spokesman Ben LaBolt.

"The administration is working with Senators Kerry, Lieberman and Graham to move forward bipartisan, comprehensive energy and climate legislation that creates clean energy jobs and reduces our dependence on foreign oil. The Senators don't support a gas tax, and neither does the White House. The Senators are considering a variety of mechanisms that would foster a transition to a clean energy economy, and we will continue to work with them to identify a means to create a major growth driver for our economy and reduce the pollution that contributes to climate change."

Stop 'Kyleigh's Law' - A Clear Danger To Our Teens (RHNNJ)

By Joe Phalon

[Record and Herald News \(NJ\)](#), April 16, 2010

"I'll pay the fine before I put one of those stickers on my daughter's license plate."

That was typical of the responses to my recent column about Kyleigh's Law.

In more than 20 years in this business, I can remember only a few topics that provoked such emotion. The Facebook page set up in conjunction with the column, "Kyleigh's Law Is Dangerous for Our Children," attracted 10,000 members in just a few days.

The other recurring theme was how many people were unaware of the full ramifications of this new law. In case you are one of them, Kyleigh's Law is part of a package of regulations directed toward teen drivers. Named after 16-year-old Kyleigh D'Alessio, who was killed in a car crash in 2006, it would require most drivers under 21 to display a reflective red sticker on their license plates.

The purpose is to make the drivers more apparent to law enforcement. But, in the law of unintended consequences, these stickers would also make them more visible to predators. Supporters say there is no evidence our children will be placed in danger. How they can say that escapes me, as this is the first law of it's kind in the nation. And they seem to have forgotten the nine people murdered and thousands assaulted or robbed along the highways of Florida when the law required that the license plates on the cars they were driving indicate they were rentals likely driven by cash-laden tourists.

Would our children be any less an attractive and vulnerable target?

And teen drivers from out of state would be immune to this law and could drive with impunity. This has not been thought through.

While I generally agree with most of the efforts to keep our young drivers safer, such as limiting the number of passengers they may have, there are some civil liberties concerns with this new law. The same people who continue to infantilize our children then gripe that they resist personal responsibility. But that's an argument for another day.

The stickers are required May 1. It is only a matter of time before a teenager is bumped on a highway or stalked in a dark parking lot. I don't want to be proven right about this.

Gov. Chris Christie has the authority to delay this part of the law and allow people to step back and take a closer look. In Florida, the state legislature voted unanimously to ban the identifying plates after their license-plate crime wave.

Send him a message at www.state.nj.us/governor/contact; write him at Gov. Chris Christie, P.O. Box 1, Trenton, NJ 08625; call him at 609-292-6000.

Kyleigh's Law is a "feel-good" law. Ordinarily these laws are harmless. This one is dangerous. It will create more problems that it will solve, and should be stopped before a Jersey teen is robbed, assaulted or worse as a direct result.

PIPELINE AND HAZARDOUS MATERIALS SAFETY ADMINISTRATION

New Lithium Battery Rule Will Hurt Air Cargo (Aircargo)

By Air Cargo World

[aircargoworld](#), April 16, 2010

The International Air Cargo Association (TIACA) says a new US Department of Transportation (DoT) rule on how lithium batteries are carried on aircraft cannot be implemented in 75 days and will have a negative impact on the air cargo industry and its customers.

US House of Representatives transportation and infrastructure committee chairman Jim Oberstar commented: "This rulemaking protects the safety of the traveling public and flight crews on board passenger and cargo aircraft and in ground

operations. It ensures that all lithium batteries will be regulated and addresses the National Transportation Safety Board's recommendations issued more than a decade ago. I congratulate the department for this important step forward."

According to the DoT there have been more than 40 air transport-related incidents involving lithium batteries since 1991.

The proposed change by the DoT's Pipeline and Hazardous Material Safety Administration (PHMSA) will require lithium batteries to be stowed in a crew-accessible location except if they are shipped in an FAA-approved container or a Class C cargo compartment. Only batteries with a lithium content of less than 0.3 grams or 3.7 watt-hours would be exempt and these would be subject to stowage restrictions in the aircraft hold.

TIACA says it is "unaware of any FAA-approved container for the purposes of transporting lithium batteries, so that exception effectively offers no relief, at least for the foreseeable future. Additionally, on many passenger and cargo aircraft, there is limited cargo space that is crew accessible. Furthermore, while Class C cargo compartments are relatively common on passenger aircraft, that is not the case for many all-cargo freighters - and retrofitting aircraft for a Class C compartment would be a costly endeavor, particularly in an industry that is still suffering through a severe downturn from the current recession."

A better approach, according to TIACA, is for the PHMSA to adopt and strictly enforce ICAO's Technical Instructions.

Daniel Fernandez, secretary general of TIACA, added: "Given the prevalence of lithium batteries in today's marketplace and the substantial changes to existing procedures that would be required, the proposed rule would have a widespread adverse economic impact. This fact is not sufficiently acknowledged in PHMSA's cost-benefit analysis, which underestimates the volume of lithium battery shipments, the scope and cost of new training requirements and the impact on shipping costs, and omits any consideration of impact on key sectors such as retailers and consumers."

For more information on battery shipment requirements in the DoT's hazardous materials regulations: <http://www.phmsa.dot.gov/hazmat/regs/rulemaking/final>

Study: Bullet Line Likely Will Add To Customer Costs (HOMERNEW)

By Tim Bradner

[Homer \(AK\) News](#), April 16, 2010

Preliminary estimates of what it might cost to build a 24-inch bullet line from the North Slope to Southcentral Alaska indicate that natural gas delivered through the system could be pretty expensive for gas and electric consumers - exceeding \$10 per thousand cubic feet, or mcf, just in transportation costs.

When conditioning costs for the gas and payment to the producing company to buy the gas are added, the total cost could be greater, perhaps 50 percent or even more, than the \$7.12 per mcf Southcentral consumers are now paying for natural gas.

Harold Heinze, director of the Alaska Natural Gas Development Authority, or ANGDA, presented estimates his group put together to a state legislative committee in Juneau.

More definitive estimates for the project are being put together by a separate group, the state's in-state gas pipeline team. Those will be available in July, Bob Swenson, the state's manager for the project, told the Senate Resources Committee earlier this month.

Several scenarios are being considered by the in-state gas team and ANGDA's work, which are separate projects. But the one being discussed most - a gas pipeline from the North Slope to Southcentral Alaska parallel to the trans-Alaska oil pipeline and the Parks Highway - could cost about \$5.6 billion to build, information presented by Heinze to the Senate Resources Committee indicated.

If the system ships only enough gas for gas and electric utilities in the region, about 250 million cubic feet per day, the pipeline transportation cost could reach \$9.24 per thousand cubic feet.

On top of that will be costs to condition the gas and remove carbon dioxide, if the gas comes from the Prudhoe Bay field. A conditioning plant could cost another \$1 billion and add another \$1.50 per mcf to the cost, according to ANGDA's estimates.

Also, the gas must be purchased from the producing company, which will add to the price.

"This is no bargain, compared to what we're paying now," said Sen. Bill Wielechowski, D-Anchorage, co-chair of the committee.

But with natural gas shortages looming in Southcentral, the state is moving to develop contingency plans to keep the heat and power on. One contingency is a bullet pipeline that could be built by 2016, which is five or six years before the earliest date a large 48-inch gas pipeline could be built from the North Slope through Interior Alaska to Canada.

The state's initial plan when plans for a large pipeline were announced was to build a 24-inch spur line to Southcentral off the large pipe. This is a task on which ANGDA has focused.

But last year, as a contingency in case the large pipeline is delayed, former Gov. Sarah Palin initiated a separate study of a smaller pipeline all the way from the Slope.

Now the matter has gained urgency. Gas production from wells in the Southcentral region are declining and the latest estimates are that annual supply of gas could fall short of utility demand as soon as 2014, which means gas must be brought to Southcentral from somewhere else.

The state Department of Natural Resources also has said there are possibilities that additional gas reserves in the region could be developed, although this also would be at an increased cost.

The Legislature also is considering additional incentives to encourage gas exploration in the region, mainly in a bill sponsored by House Speaker Mike Chenault.

As for the ultimate backup of a bullet line from the Slope, Swenson said the plan so far is for the state to do initial cost estimates and permitting work, and then get a private company interested in actually building and owning the pipeline, Swenson said.

But others, including Chenault and former Alaska U.S. Sen. Ted Stevens, believe the matter is so urgent the state should step in to ensure the pipeline is built even if state money must pay for a large percentage of it. Everyone agrees the construction should be privately managed, however.

Meanwhile, ANGDA is working on the Glenn/Richardson highway route to Delta, with an option of extending the pipeline on to Fairbanks. The gas authority has work under way on engineering, permits and an environmental impact statement.

The in-state gas team, which started its work more recently and is being managed by the governor's office, has completed a comparison of the two routes, the Parks Highway and the Richardson/Glenn highways, looking into costs and environmental concerns for either route.

The team has applied for permits along the Parks Highway route, with the state Department of Transportation and Public Facilities making the applications, leaving the responsibility for permits for the Glenn/Richardson route with ANGDA.

Heinze said one of the gas authority's major considerations in its work on the Glenn/Richardson Highway route is that it would preserve the option of moving gas to Valdez someday.

On the bullet line, Swenson's group is working with four basic scenarios with four variations of each, for a total of 16 cases.

One of the four basic scenarios involves building a gas treatment plant in Prudhoe Bay to remove carbon dioxide; a second involves moving the carbon dioxide with other components of the gas down the pipeline and extracting it in either Fairbanks or near Anchorage; a third scenario is to extract natural gas liquids on the North Slope and leave those with the producing companies; and a fourth would have the liquids move with the gas at high pressure to southern Alaska.

Natural gas liquids like propane and ethane are valuable, and many people want to have them available in Interior and Southcentral Alaska as fuel or as feedstock for new gas-based industry.

For each of the basic scenarios there are four different cases of volumes of gas that would be moved per day: cases of 250 million cubic feet per day, 500 million cubic feet, 750 million and 975 million cubic feet per day.

If large volumes of gas can be moved down the pipeline, the cost per thousand cubic feet of moving the gas would come down, but this would require major industrial customers for the gas as well as the utilities.

Swenson said the big effort under way now is to complete the conceptual engineering and cost estimates, which will be ready for presentation to the Legislature July 1.

While larger volumes of gas moving would lower transportation costs, the utilities cannot absorb more than about 250 million cubic feet per day on a year-round average. No major industrial customer for gas is apparent.

The Agrium fertilizer plant near Kenai is closed and the future of a nearby natural gas liquefaction, or LNG, plant is uncertain because a key federal permit is due to expire next March.

In theory, the Kenai LNG plant could see an extended operating life or even an expansion, but the plant is 40 years old and would need a major upgrading, which would require substantial investment.

If a bullet line could deliver gas to Southcentral at reasonable prices, however, other industries could take root, such as a gas-to-liquids plant making high-value fuels and other products, or a petrochemical plant based on gas liquids that could also be moved.

Another way there could be larger volumes of gas moving to Southcentral is if a large LNG project were built in Valdez, which could require up to 3 billion cubic feet a day of gas moving through a 48-inch pipeline built to that plant. As a part of its open season planned this summer, TransCanada Corp. will offer the alternative of a pipeline to Valdez for any customers interested in building a large LNG plant.

If that were constructed, a 24-inch spur line could then be built to the Anchorage area from a junction with the large pipeline at Glennallen.

Because the gas for Southcentral Alaska would ride along in the large pipeline as far as Glennallen before entering the smaller spur line, the cost for delivering gas to the Anchorage area would be lower than it would be for gas delivered through a smaller 24-inch pipe all the way from the North Slope.

RESEARCH AND INNOVATIVE TECHNOLOGY ADMINISTRATION

What's That Smell? Hog Manure Becomes Asphalt (AP)

By The Associated Press

[Associated Press](#), April 16, 2010

EUREKA, Mo. -- The outer road along Interstate 44 near Six Flags St. Louis is freshly paved - with asphalt made from recycled swine manure. It is believed to be the first time asphalt has been created from swine manure. Two St. Louis County companies, road contractor Pace Construction Co. and the engineering firm Innoventor, joined together on the project.

The St. Louis Post-Dispatch reported that Innoventor perfected the process of converting the animal waste into a bio-oil used in asphalt binder.

Hog producers are optimistic that, if the project works, it will create an additional source of revenue while helping the environment.

Information from: St. Louis Post-Dispatch, <http://www.stltoday.com>

Electric Bus Plant Could Help Area Amp Up Transit Plans Developing Transportation Plan, Testing New Technologies Among Ideas (GRNVN)

By Jenny Munro

[Greenville News](#), April 16, 2010

Greenville could become "a magnet for companies related to sustainability" in transportation, according to David Shi, president of Furman University during Vision Presentation, held Wednesday at the school.

It is soon to become the home of a factory for cutting-edge electric buses.

A public transit system linking Clemson University's International Center for Automotive Research with downtown Greenville and extending to Furman University and Clemson's main campus as well as Travelers Rest, Greer and the Greenville-Spartanburg International Airport could be the key, several speakers said.

Greenville, with its entrepreneurial and creative atmosphere, could partner with Proterra to demonstrate putting transportation technology to work and showcase it, said Bob Geolas, executive director of ICAR.

"The opportunity is here," he said. "The time is right."

Currently, Greenville like other Southeastern cities, "not only has an inadequate public transportation system, it essentially doesn't have one," Shi said, adding that many consider that "public buses are for other people. They're not for us."

That needs to change, he said.

"Greenville is just barely within the attainment criteria for clean air right now," he said. "As the criteria become more stringent, Greenville could be in nonattainment," which would devastate the area's economic development efforts.

"We have a compelling economic development reason to develop a better public transit system," he said.

One concept is to develop an alternative fueling station and bus stop at ICAR, said Brad VanMeter, with Hyperion Partners LLC and Ameresco Inc. It could include stations for solar, propane, CNG, hydrogen and electric refueling.

"We want to build on this vision of a shiny, exciting technology center," said Bob Geolas, executive director of ICAR. "We want to link it to the community, integrate and connect it to the community."

"The state of South Carolina is setting the bar for the East Coast" when it comes to hydrogen and alternative fuels, he said, adding that a station at ICAR would join hydrogen refueling stations in Columbia and Aiken.

Although Greenville did not succeed in its effort to gain a \$99 million federal grant for alternative public transit, the effort did help the city win Proterra's location of a manufacturing facility here, he said. And the company can be a catalyst to build a bus rapid transit system.

A bus rapid transit system, using abandoned rail line property running from Proterra behind the Verdae development to Pleasantburg and to Furman and Clemson, could be achieved with a public/private partnership, the type for which Greenville is known, said Shi and VanMeter. It could link to Greenlink, Greenville's bus system, and CAT in Clemson.

The rail line already invisibly links ICAR to Greenville, Geolas said, and it could become a basis to link academic institutions with businesses, communities and the public.

"We could open a line here and put Proterra buses on that line," he said.

Related

Proterra to start building electric buses in Greenville in July

"We could do it if businesses will help us bridge that funding gap," VanMeter said.

"I've never been to a city that worked so much together to make things happen," said Dale Hill, founder and chief technology officer of Proterra.

With that cooperation, Proterra, ICAR and the automotive industry already here, "Greenville could be the transportation showplace of the entire United States," he said. "We've already got the infrastructure here."

Greenville has been searching for a sector to replace the diminished textile industry, said J. Carroll Rushing of the Greenville chapter of the Society of International Business Fellows.

"My vision is that this is going to be the answer," he said. Individuals, businesses, government and academia must "network together to make things happen faster."

SAE: U.S. Energy Policy Key To What We Drive (DETN)

Incentives to buy will determine mix of cars in America

By David Shepardson

[Detroit News](#), April 16, 2010

Detroit -- The government will need to offer further incentives in order to influence the mix of vehicles in America's driveways, automakers and experts said Wednesday.

At the Society of Automotive Engineers World Congress convention at Cobo Center, the nation's energy policy was identified as a major force in determining what Americans will buy and drive in coming years.

Policymakers already have invested billions to back various technologies.

Advertisement

The Obama administration has shifted funding from hydrogen fuel cells and toward electric cars. And automakers have largely shifted their focus from biofuels -- although they still back efforts for cellulosic ethanol.

Patrick Davis, program manager at the Energy Department's Vehicle Technologies program, noted that half of his agency's budget is targeted toward electric vehicles.

Much of the future mix depends on the price of gasoline, the amount of government incentives for expensive technologies such as plug-in electric hybrids, technology improvements and tough fuel-efficiency mandates.

The Obama administration awarded \$2.3 billion in grants in August to boost battery technology and electric vehicles, with about \$1.4 billion of the funds going to Michigan companies or projects.

The administration is "really laying the groundwork for putting a battery industry in place," Donald Hillebrand, director of the Center for Transportation Research at the Argonne National Laboratory, said at an SAE panel on energy policy.

Congress also approved a \$7,500 consumer tax credit for plug-in electric vehicles.

Other programs include a \$25 billion low-government loan program to help automakers and their suppliers retool to produce more fuel efficient vehicles.

But at a hearing Wednesday in Washington, House Ways and Means Committee Chairman Sander Levin, D-Royal Oak, said the government needs to do even more.

"We have lacked an energy policy for changing times and changing technologies. We have been behind the curve," Levin said.

"GM is going to bring the Volt (electric vehicle) to market on schedule, but initially the battery packs are being supplied by South Korea. Why? In part, this is because for years the South Korean government had a strategy to financially support this technology and the local industry."

David Friedman, research director of the Clean Vehicles program at the Union of Concerned Scientists, told the SAE forum that the government needs a "carrot and sticks" approach.

"You can't just provide incentives," Friedman said. "You also need to provide some sort of regulation that is going to guarantee to meet your goal."

But he said capping carbon dioxide emissions might add 20-30 cents to the price of a gallon for gasoline -- not enough to dramatically change motorists' habits.

Friedman said the administration should require low-carbon fuels and force drivers to pay for what they drive -- considering a pay-per-mile revenue scheme.

Other emerging technologies may need more help.

Congress has mandated the use of 36 billion gallons of ethanol by 2022 -- more than four times current use -- and 16 billion gallons of cellulosic ethanol, a biofuel made from renewable sources such as agricultural waste, algae and wood chips.

GM, for example, acquired equity stakes in two cellulosic ethanol startups in 2008. But no significant amounts of cellulosic ethanol have been produced.

The government set aside \$786.5 million to accelerate biofuels research and boost commercialization, by providing additional funding for commercial biorefineries.

"We need about \$2 billion a year to help launch a lagging cellulosic industry," Friedman said. "That industry is at least four to 10 years behind" the requirements set by Congress in 2007.

Toyota Motor Corp.'s head of technical and regulatory affairs in Washington, Tom Stricker, warned against requiring vehicles to run on E85 -- a blend of 85 percent ethanol -- without assuring an adequate supply of the fuel. He noted that the \$100 per vehicle cost of making a flex-fuel vehicle represents about 10 percent of the predicted cost of meeting 2016 fuel-efficiency standards.

Stricker also said government "shouldn't pick winners and losers" among emerging technologies.

Nor should automakers adopt a "build-it-and-they will-come mentality," he said. "Without market demand, it doesn't matter how many battery plants we build; it doesn't matter how many electric vehicle assembly plants we build."

From The Detroit News: <http://www.detroitnews.com/article/20100415/AUTO01/4150354/1148/SAE--U.S.-energy-policy-key-to-what-we-drive#ixzz0IFqOgfv>

SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION

Detroit Chamber Joins Effort To Push Great Lakes Growth (DETN)

By Nathan Hurst, Detroit News Washington Bureau

[Detroit News](#), April 16, 2010

Washington -- In one of its largest-ever strategy shifts, the Detroit Regional Chamber has joined nearly 30 other business groups to lobby the nation's top leaders to support a comprehensive economic growth agenda for the Great Lakes region.

In the works for more than a year, the collective of chambers of commerce from Minnesota to New York -- dubbed the Great Lakes Metro Chambers Coalition -- is the first such coalition focused specifically on lobbying Washington lawmakers on regional business needs. It met for the first time this week on Capitol Hill with dozens of congressional members from 12 states to discuss six key issues ranging from transportation infrastructure to immigration.

Besides the meetings that will last through today, coalition leaders are strategizing how to best get attention for their agenda.

As the largest such business group in the country, the Detroit Regional Chamber took a lead role in forming the coalition along with the Greater Cleveland Partnership.

Organizers say the chambers will dedicate the time and resources of their government affairs staffs. Instead of individual chambers pushing politicians on issues that only affect their home cities, they'll coordinate efforts to rally consensus on a collective agenda with congressional leaders from the 12 states. Organizers didn't have an estimate of how much the effort would cost.

"We saw this as a chance to band together on common issues that will affect the entire region," said Edward A. Wolking, the Detroit chamber's executive vice president.

On issues where there is no consensus among the participating chambers, the coalition won't lobby Congress and it'll be up to individual chambers to push their own case in Washington. Strength in numbers

Also driving the push: Michigan, Ohio and other states in the region are expected to lose House seats after reapportionment, based on the 2010 Census. Political power likely will shift to southern and western states, which are expected to gain seats in the House.

That situation makes the need to work together essential to getting attention in Washington as the political influence of individual states wanes, said Joe Roman, president and chief executive of the Greater Cleveland Partnership.

"In an era where our regions are losing population and losing congressional representation," Roman said, "we have to work closely on our agenda to get the kind of attention we need."

Dennis Haskell, a political strategist and lobbyist in Washington, said groups joining to lobby on regional business issues is a first, and comes at "just the right time" for groups representing companies from states most heavily affected by the recession.

"Their challenge will be to hone in on those issues where everybody agrees," Haskell said. "They're cutting a wide swath of territory, but that can work to their advantage." More volume for area voices

By partnering with other groups, the Detroit chamber won't just have the ear of Michigan's lawmakers such as Democratic Sens. Carl Levin and Debbie Stabenow, but others from the region, including Sen. Dick Durbin, D-Ill., and Rep. John Boehner, R-Ohio, who serves as the House Minority Leader.

Those leaders and others representing the states in the coalition -- Michigan, New York, Pennsylvania, Ohio, West Virginia, Kentucky, Indiana, Illinois, Missouri, Iowa, Wisconsin and Minnesota -- have been hearing about the coalition's main goals:

- . Maintain and expand a regional transportation infrastructure. Major requests include a six-year approval of the Surface Transportation Reauthorization Act, which would provide comprehensive roads funding. Such funding has been extended along with unemployment and COBRA health insurance assistance programs on a short-term basis.

Along with long-term reauthorization, the coalition is asking Congress to support major projects of regional interest, including the Detroit River International Crossing bridge project, which would create a third road crossing to Canada in Detroit, and the widening of M-11 South in the Grand Rapids area.

- . Upgrade border crossings with Canada to decrease wait times while expanding low-risk traveler programs such as NEXUS, which allow preapproved frequent border crossers to swiftly gain access to the United States from Canada and vice versa.

- . Maintain the \$475 million funding for Great Lakes Restoration Initiative projects and create a universal standard for ballast water discharge by cargo ships on the lakes. The coalition also supports efforts to eradicate invasive aquatic species in the Great Lakes, but hasn't reached consensus on closing a series of Chicago-area locks and canals that Michigan's environmental officials have sought to help combat the invasive Asian carp.

- . Gain congressional support for "clean coal" and advanced nuclear electrical generation.

- . Seek passage of comprehensive immigration reform measures that would eliminate caps for H1-B worker visas, allow spouses of visa holders to work legally in the United States and establish new high skill immigration zones in Great Lakes cities.

- . Pursue the extension of federal support for research and development efforts in areas of transportation, Great Lakes cleanup, health care, energy generation and manufacturing.

Many of the efforts -- seeking support for the construction of the proposed DRIC bridge, for example -- focus squarely on Michigan.

But Sarah Hubbard, the Detroit chamber's senior vice president of government relations and the group's chief lobbyist, said such issues affect the entire region.

"Trucks going from Canada into Michigan are more times than not loaded with cargo that's heading all over the Midwest and throughout the country," she said. "Being able to tell Washington that this isn't just one city or state that needs support on these issues is a big step forward."

nhurst@detnews.com (202) 662-8738

Resolution On Asian Carp Calls For Separation Of The Mississippi River System And Great Lakes Basin (ANNARB)

By Jennifer Janssen

AnnArbor.com, April 16, 2010

A new resolution from the National Wildlife Federation is calling for hydrological separation of the Mississippi River System and the Great Lakes Basin to stop Asian carp from entering Lake Michigan.

Leaders from the Great Lakes region and across the country gathered in Houston, Texas last week to determine the priorities of the National Wildlife Federation, and found unanimous support for fighting the invasion of Asian carp into the Great Lakes.

The resolution calls for a long-term solution of permanently blocking passage of aquatic organisms while allowing for waterborne commerce on both sides of the divide with connections to rail, highway and alternative transportation systems. The most immediate step, however, is severing the connection between the ecosystems at Chicago.

Get the inside scoop on Asian carp at Great Lakes on the Ground, the blog of NWF Great Lakes Regional Center Director Andy Buchsbaum, or you can meet your local advocates in person at the Great Lake Regional Center's Open House.

NATIONAL NEWS

Reid Moves Up Start Of Financial Overhaul Debate (AP)

By Jim Kuhnhenn, Associated Press Writer

[Associated Press](#), April 16, 2010

WASHINGTON - Unwilling to negotiate further, Democratic leaders said Thursday they want to move forward on financial regulation legislation next week even as Republican leaders tried to unify their members against the bill in hopes of winning further concessions.

At the same time, Democrats were preparing to introduce companion legislation Friday that would bar some of the nation's biggest banks from engaging in derivatives trades. Derivatives, a growing vehicle for financial speculation, have become a significant source of revenue for large financial institutions. The proposal faces stiff industry opposition.

On the broader regulation bill, Senate GOP leaders were seeking to get all 41 Republicans to sign a letter opposing it. At least one, Sen. Susan Collins of Maine, had not signed on but said she nonetheless opposed the White House-backed legislation.

The day evolved into a test of wills, with Democrats ready to dare Republicans to oppose the legislation. Officials said Senate Majority Leader Harry Reid could take steps late next week that would guarantee a test vote on the legislation as early as April 27.

"We have talked about this enough," Reid said. "We have negotiated this enough."

The confrontational tone was driving both sides apart and a broad-based compromise between Banking Committee Chairman Chris Dodd, D-Conn., and the top committee Republican, Richard Shelby of Alabama, seemed increasingly unlikely. Instead, Democrats were looking to pick off a handful of Republicans with adjustments to the bill that would not alter it substantially.

One Republican who negotiated aspects of the bill with Dodd, Sen. Bob Corker of Tennessee, said some of the attacks on the bill "have been over the top." In the kind of unscripted exchange rarely seen on the Senate floor, Corker complimented Dodd on his bill and urged him to restart negotiations. Dodd, standing a few feet away, replied by voicing frustration that the bill was now being cast as a partisan measure by Senate Republican leader Mitch McConnell.

"Why would you bother doing what I went through if, in fact, at the end of it all, the answer is, 'I'm sorry, we didn't get our way, so we're going to stop our debate,'" Dodd said.

Both Corker and Shelby signed the leadership letter opposing Dodd's bill.

McConnell and other top Republicans have characterized Dodd's bill as a perpetuation of bailouts for financial firms. They say a proposed \$50 billion fund financed by large banks to pay for liquidating a large failing firm would give shareholders and creditors the impression that their investments would be protected, even in failure, and contribute to risky financial behavior. Corker and Republican banking aides also pointed to language inserted by the Treasury Department and the Federal Deposit Insurance Corp. that would give the government more flexibility to cover claims from creditors.

"I would do the same thing if I were them, but there are some things that need to be tightened up," Corker said.

Diana Farrell, deputy director of the White House's National Economic Council, said the legislation ensures that taxpayers would not be on the hook to liquidate giant institutions because the \$50 billion would be financed by large financial firms.

The added language by Treasury and the FDIC are "technical issues about how you best unwind a firm," she said in an interview. "This is not about injecting capital, this is really just a way of how you can best and most efficiently let a firm fail."

The Obama administration and Senate Democrats were hunting for Republican support. Geithner invited Sen. Scott Brown, R-Mass., for a chat Thursday morning and scheduled more meetings for Friday, including one with Sen. Richard Lugar, R-Ind.

But Democrats themselves are not all happy with Dodd's bill. Several want to strengthen it and at least one, conservative Sen. Ben Nelson of Nebraska, said he was concerned the bill's regulations might reach too broadly. He said he had not decided how he would vote.

Democrats on the Senate Agriculture Committee planned to introduce legislation Friday that would regulate derivatives with tougher conditions than are contained in Dodd's bill. Agriculture Committee Chairwoman Blanche Lincoln, D-Ark., will require banks that trade in complex derivatives, or swaps, to end those operations or lose access to Federal Reserve lending or FDIC insurance of deposit account, aides said Thursday.

One type of derivative blamed for the financial crisis were credit default swaps, a form of insurance against loan defaults. Many were mortgage-backed securities that became toxic during the housing crisis.

The Dodd bill also contains derivatives regulations but focuses more on shifting the instruments to regulated exchanges. Republicans and Democrats, however, are split on whether to give exceptions to certain firms that only use derivatives to hedge against market fluctuations.

Bank lobbyists decried the Lincoln provisions, arguing they would make U.S. banks less competitive globally.

"Derivatives are a proven risk-management tool," said Scott Talbott, top lobbyist for the Financial Services Roundtable, an industry group. "To require divestment will actually make the financial institution more risky, which is the exact opposite direction we should be moving."

Obama Set To Tackle Risky Investments (AFP)

[AFP](#), April 16, 2010

WASHINGTON (AFP) - US President Barack Obama will huddle with economic advisers Friday to thrash out new rules for risky financial products, as he moves to overhaul a trade blamed for kick-starting the recession.

A day after warning Wall Street it faces the most sweeping regulatory overhaul in more than 70 years, the White House trained its sights on the vastly lucrative trade in derivatives.

Obama will gather a group of industry and academic advisers to discuss regulating products that include the mortgage-based products that pushed many big-name banks to the brink.

The White House said the meeting would discuss a range of financial reforms that are currently being discussed by Congress.

"He will specifically address the steps we must take to strengthen the oversight of derivatives," said Bill Burton, a White House spokesman.

Derivatives trading came under the spotlight early in the economic crisis, when it emerged that bundled-together mortgage products had a paper value that bore no resemblance to their true value.

The resulting losses blew a hole in the finances of banks like Lehman Brothers, forcing them into bankruptcy and pushing others close to collapse.

They were once described by billionaire investor Warren Buffett as "financial weapons of mass destruction."

Critics say the opaque trade in derivatives must now take place on open exchanges, where they can be more heavily regulated and scrutinized by investors.

Treasury Secretary Timothy Geithner recently argued open exchanges would allow companies to more safely use derivative markets to hedge against risk.

But financial reform has spurred partisan anger in Congress, as lawmakers head into mid-term elections later this year.

Obama has insisted reforms must be rapidly introduced to prevent a repeat of the crisis, which saw the government step in with trillions of dollars to prop-up ailing financial institutions.

Republicans have voiced opposition, claiming the new measures would allow further bailouts of big banks.

Showdown Looms On Finance Rules (WSJ)

By Greg Hitt And Jonathan Weisman

[Wall Street Journal](#), April 16, 2010

In the increasingly bitter struggle over regulating financial markets, senior Republican lawmakers are coalescing around a blunt line of attack, warning that White House-backed legislation headed to the Senate floor would entrench rather than end federal bailouts of Wall Street.

The strategy aims to pit Republicans against the administration's financial overhaul without appearing to side with Wall Street. Elements of the critique focus on conditional language in the bill that might easily be made more definitive, and some Democrats have pledged to ensure no bailouts are allowed. But the charge is designed to score political points at a time when public anger about Wall Street bailouts remains high.

Senate Minority Leader Mitch McConnell of Kentucky said Thursday that the legislation "is seriously flawed" and "would allow taxpayer dollars to bail out Wall Street banks."

Obama administration officials, meanwhile, are trying to dial back a controversial plan by Senate Agriculture Committee Chairman Blanche Lincoln (D., Ark.) to essentially forbid large banks from trading derivatives.

In a letter to Ms. Lincoln, Treasury Secretary Timothy Geithner detailed new derivatives rules he said would protect the financial system. He stopped short of calling for her ban.

With a showdown looming, Democratic leaders said Thursday they would bring the legislation to a floor debate next week, in essence calling Republicans' bluff. The Obama administration is reaching out to rank-and-file Republicans, hoping to win backers even as top GOP senators were hardening against the bill.

Mr. Geithner is among those leading the outreach. He has scheduled a Friday meeting with, among others, Sen. Orin Hatch (R., Utah), who complained the administration "just won't work with us." Part of Mr. Geithner's mission is to walk senators through the bill's details, including highlighting GOP-backed ideas in it.

For now, Republicans being courted remain wary but open. "I will certainly hear the administration out, but needless to say I have concerns and believe this legislation needs to be improved," Mr. Hatch said ahead of his meeting with Mr. Geithner. "And I know Republicans are willing to work in good faith to do that if the White House and Democrats are willing as well."

The GOP is struggling to keep its caucus in lock-step opposition. Sen. Susan Collins of Maine voiced concern about the Democratic bill Thursday, but said she hadn't decided whether to sign a letter being pushed by the leadership committing all 41 Republican senators to oppose the bill. "I am still talking with my colleagues about whether a letter is the most effective way to send the message," she said.

Both the White House and Mr. McConnell have elevated financial regulation to the top of Washington's agenda. The legislation is designed to modify the system so it might both forestall another debacle like the recent credit crisis and better handle any upheaval that does arise.

Republicans have focused on a proposed \$50 billion industry-financed fund that would cover costs related to the potential collapse and dismantling of any major financial firm. They say the money could be used to bail out companies and leave taxpayers on the hook for any costs over that amount. Instead, they want failing companies put through a bankruptcy process; as it is, the bill would force most firms into bankruptcy court but offer the option of a government takeover in an emergency.??

Opponents also say parts of the bill would make it easier for the Federal Reserve to create a credit facility that could be used to steer money to one or two firms, which Republicans allege would essentially be a bailout.

The legislation's backers say it is meant to ensure taxpayers aren't first in line when a big financial institution fails, as was the case in the fall of 2008.

Senate Banking Committee Chairman Chris Dodd (D., Conn.), who has led the drafting of the bill, accused Mr. McConnell of adopting tactics in a memo "written by political strategist Frank Luntz" advising the GOP how to kill the Obama initiative.

McConnell spokesman Don Stewart said neither he nor the senator had heard of the Luntz memo until this week. Austan Goolsbee, a member of the White House Council of Economic Advisers, said the claim that the Senate bill amounts to bailouts in perpetuity is "absurd on its face." -Michael R. Crittenden contributed to this article.

Write to Greg Hitt at greg.hitt@wsj.com and Jonathan Weisman at jonathan.weisman@wsj.com

Debate Over Financial Overhaul Intensifies In Senate (WP)

By Brady Dennis, Washington Post Staff Writer

[Washington Post](#), April 16, 2010

"Big bank bailouts! Big bank bailouts!"

So goes the refrain for Republican leaders this week, whose escalating attacks on a proposed overhaul of the financial regulatory system center on charges that the legislation perpetuates taxpayer-funded rescues of big Wall Street firms.

Democrats have remained equally persistent in dismissing such claims as "false talking points" and a "parade of bamboozlement," according to Sen. Christopher J. Dodd (D-Conn.), the bill's author. They argue that their legislation does just the opposite, ensuring that failing financial firms would be shut down and that their management teams, shareholders and creditors would suffer painful losses -- all without a dollar of taxpayer money at stake.

As shouting senators from both sides try to sway public opinion, Democrats on Thursday signaled a willingness to bet that they have the stronger hand.

Senate Majority Leader Harry M. Reid (D-Nev.) said he plans to bring the financial overhaul bill to the Senate floor as soon as next week -- earlier than expected. The strategy, according to Obama administration officials and congressional aides, is to pressure Republicans by daring them to make an election-year vote against legislation that Democrats have portrayed as essential to reforming Wall Street.

For their part, Senate Republicans have scrambled to remain united in their opposition to the current legislation, going as far as to try to get all 41 members to sign a letter pledging to block the bill unless Democrats revive bipartisan negotiations.

"There's no reason for this not to be a bipartisan compromise, but we're out of the room right now," Sen. Judd Gregg (R-N.H.) said in an interview this week. "I think the only thing that gets us back to the table is that we show that they can't pass the Dodd bill on the floor without Republicans being engaged in the process."

In the meantime, GOP leaders have continued to insist that the bill, put forward by Dodd, the banking committee chairman, and supported by the White House, is little more than a way to solidify the United States as a bailout nation.

Behind all the fiery rhetoric lie serious policy disagreements over Dodd's legislation.

Senior Republican Senate aides on Thursday held a call with reporters to detail their arguments that the bill leaves open the possibility of future bailouts. They said the current language would allow the Federal Deposit Insurance Corp. to pay certain creditors above what they would have gotten in a bankruptcy proceeding. That provision, Republican aides said, could lead to "highly political" decisions to favor certain creditors.

Proponents say some creditors might indeed receive more than others during a liquidation, but not because of favoritism.

"All of this is drawn from the process we have now," FDIC Chairman Sheila C. Bair said in an interview Thursday. "It's primarily used to pay general creditors. You do that to keep the place going and maintain franchise value" while the government sells off a firm's assets.

Republicans also have complained about a proposed \$50 billion fund, paid for in advance by big financial firms, that could be used for the upfront costs of liquidating a failed company. "Those who pay into the \$50 billion fund are effectively treated as too big to fail. It creates moral hazard," one senior Senate aide said. "We need to return back to where nobody has the expectation of any assistance."

Senate Minority Leader Mitch McConnell (R-Ky.) has labeled it a "bailout fund," a criticism some Democrats call laughable.

"This is the irony of ironies. The \$50 billion provision in this bill was proposed by Republicans," Dodd said on the Senate floor Thursday, noting that the bill the House passed last year set up a \$150 billion fund. "The idea of requiring these institutions to put up money in advance so that if they fail, they end up paying for the cost of unwinding it -- who would object to that?"

Bair agreed, saying the fund would provide working capital to wind down a firm, not to keep it in business. "It's to protect taxpayers, not to perpetuate bailouts," she said. "It's not to pay off unsecured debtors; it's not to pay off shareholders."

Republican aides also said the Dodd bill would lead to "a more mysterious Federal Reserve" with emergency lending powers open to abuse. They also said it gives the FDIC and Treasury the capacity to guarantee the debt of troubled institutions. "This allows an ability to prop up failing firms," one aide said.

Not so, say proponents, arguing that the language places new restrictions on the Fed's emergency lending authority. They said it also mandates that any debt guarantee program be widely available and, if a participating firm defaults, that it would trigger a bankruptcy or resolution process.

Overall, Bair said she feels comfortable that the pending legislation ends the "too big to fail" problem. "I think we've worked very hard to squeeze out any bailout language," she said. "If we don't do anything, if we maintain the status quo, there's going to be another crisis, and there's going to be another bailout."

As staff members continue to wrangle over the technical details of the far-reaching legislation -- which includes numerous measures dealing with consumer protection, oversight of the vast derivatives market and monitoring for systemic risks -- lawmakers on both sides seem intent on continuing to lob rhetorical grenades across the aisle.

McConnell, Dodd and others took to the Senate floor -- again -- on Thursday to excoriate each other for failing to act in the best interests of Americans. Some members, such as Sen. Bob Corker (R-Tenn.), have urged both sides to "just calm down."

Meanwhile, the march toward the Senate floor continues, with the White House and top Democrats leading the charge.

Partisan Schisms Aside, Financial Regulatory Reform Must Get Done. (WP)

[Washington Post](#), April 16, 2010

FINANCIAL regulatory reform is necessary, complex -- and easily demagogued. Thus, although Republicans and Democrats in the Senate did, for a time, engage in negotiations, the odds never favored calm, bipartisan lawmaking. Add massive lobbying and a polarized pre-election political climate, and what you get is the populist posturing of the past week. Senate Minority Leader Mitch McConnell (R-Ky.) denounced a bill backed by the Obama administration, saying it "institutionalizes" taxpayer-funded bailouts. The bill's author, Banking Committee Chairman Sen. Christopher J. Dodd (D-Conn.), called the GOP line a Wall Street-inspired "falsehood."

What are the merits of the dispute? No one wants a repeat of 2008, when Lehman Brothers and American International Group reached the brink of failure and the government lacked a clear legal alternative to their bankruptcy: AIG got an improvised and expensive taxpayer bailout; Lehman was allowed to collapse, triggering global panic. To keep something similar from happening, Mr. Dodd would empower regulators to name systemically risky institutions, whether banks or nonbanks, and require them to hold more capital and create a Wall Street-paid \$50 billion resolution fund that the Federal Deposit Insurance Corp. could use to liquidate a big insolvent firm.

To the extent that this establishes a permanent category of systemically important -- "too big to fail" -- firms, along with a means to wind them up, Mr. McConnell is partly right. In addition to bankruptcy court, executive-branch resolution of creditors' claims against certain big distressed companies would become an acknowledged, long-term option in American capitalism. The risks are exactly the ones that Mr. McConnell identifies. Creditors might fund systemically important firms on artificially advantageous terms, thus enabling them to grow bigger and riskier. Some House Democrats made this very point when a similar bill was before them last fall, and they insisted on amendments to address it.

Yes, Wall Street would provide the \$50 billion fund, so it's true, as Mr. Dodd insisted, that his bill contemplates no taxpayer bailouts. But of course the big banks would find some way to pass that cost along. And what if markets see the \$50 billion as the minimum federal commitment, not the maximum? Would taxpayers face exposure then? Treasury Secretary Timothy F. Geithner raised this concern last October, telling a House committee: "You're going to create more moral hazard; people will have the expectation that the government will come in and protect them." He favored collecting the money after a firm's collapse but lost the policy argument.

The problem with Mr. McConnell's contention -- and it's a large one -- is this: What's the alternative? Ideally, reckless firms go bankrupt, their competitors pick up the pieces, and the economy, chastened and more efficient, marches on. Realistically, certain financial institutions get so big and so interconnected that their collapse threatens more short-term damage than society can withstand. Throughout recent history, government repeatedly has bailed out firms for this reason -- Mr. McConnell himself courageously supported a \$700 billion fund in 2008.

The Dodd bill represents a bet that it is better to acknowledge these realities, and consciously shape them, than to pretend they can be avoided altogether. It's hard to imagine that any firm would intentionally manage itself into a process that ends with shareholders wiped out, management fired and creditors collecting pennies on the dollar, as the bill requires. The bill imposes tighter regulations and higher capital requirements to make it less likely that a bailout would be necessary in the first place. That is, if the bill creates certain artificial advantages for big firms, it also at least tries to counteract them.

Speaking of ideals vs. realities, in an ideal world Senate Republicans and Democrats, and the administration, would be willing to acknowledge the tradeoffs inherent in any effort to get this issue right and incorporate one another's legitimate arguments in a serious effort to produce a bill. Sen. Bob Corker of Tennessee, a Republican who has negotiated with Democrats on the Banking Committee, says genuine differences on "too big to fail" could be worked out "in five minutes." Any takers?

Too Big Not To Get Right (WSJ)

The Dodd bill would make financial bailouts more likely.

[Wall Street Journal](#), April 16, 2010

At long last, the financial reform debate is getting serious, which is to say it is getting to the major questions-specifically, how can we protect the American taxpayer from being held up one more time by the failure of the banking system?

Mitch McConnell, the Senate Minority Leader, deserves special credit for insisting this week that the fine print in the Democratic reform bills should match the rhetoric of Democratic leaders. The main author of the Senate bill, Chris Dodd of Connecticut, says the latest draft of his bill to reform financial regulation "will end bailouts." We wish that were true. This evolving legislation still allows regulators to deploy unlimited sums to rescue financial giants, and with too much discretion.

Still, there's reason for optimism, because as flawed as Mr. Dodd's bill remains, it has been improving in each draft. Given enough time-and without constant pressure from the Treasury for unlimited bailout powers-this bill could at least minimize the problem of too-big-to-fail banks.

And we need a solution. In the wake of the 2008 financial panic and rescue, the logical assumption is that major financial institutions will always be saved by Washington. We argued at the time that public money was necessary to resolve failing institutions and stem the panic, but Treasury and the Federal Reserve chose to save even some of the biggest failures. Citigroup was a particular fiasco, as the feds propped it up like the body in "Weekend at Bernie's" and protected its management, shareholders and creditors from the consequences of their own bad decisions.

The response of the White House and Treasury has been to propose a reform that would allow regulators to do this all over again. Its main logic is that a re-organized bureaucracy with tougher rules and vast new powers will be wise enough to foresee and prevent the next systemic risk before it becomes a mania like the housing and credit bubbles.

But the fundamental nature of a mania is that you don't know it when you see it. Citigroup was one of the most regulated institutions on the planet, yet it was allowed to build up tens of billions in off-balance sheet mortgage assets. To believe regulators will prevent the next crisis is to make another one more likely.

The bailouts of 2008 make it all the more important that any reform sends a clear message to bankers and creditors that excessive and mistaken risks will be punished with failure. The moral hazard that has built up in the system has to be addressed.

The Dodd bill, instead, still gives regulators the authority to rescue essentially the entire financial industry. While much debate has centered around the FDIC's new "resolution" authority for failing firms, there's been almost no discussion around a separate FDIC program under which the agency can guarantee corporate debts. To Mr. Dodd's credit, this provision has improved slightly. In an earlier draft, the Fed and the new systemic risk council could have applied FDIC debt guarantees even if the FDIC itself opposed such bailouts.

Now the FDIC has to be on board, but the core problem remains-an even more explicit taxpayer backstop than anything Fannie Mae and Freddie Mac enjoyed during the housing bubble, and one that's available to a virtually unlimited number of firms. Federal regulators can create a "widely available program" to guarantee the debts of not just banks, but their parent companies as well, and all of their affiliates.

Fannie and Freddie were rolling the dice with an implied backstop, but this legislation would allow regulators, without a vote of Congress, to explicitly put the full faith and credit of the U.S. government behind Goldman Sachs, JP Morgan and Morgan Stanley, among others. This list could have more than 8,000 names on it, because any bank or company that owns a bank, or is affiliated with a company that owns a bank, is eligible.

Rescued institutions have to be solvent, but recall how many failing firms in 2008 kept saying they were solvent; they only had a temporary liquidity problem. The message to Wall Street: Go ahead and re-create the short-term funding models that you were using before the crisis. Go ahead and fund your giant banks by borrowing \$100 billion or more every night.

As bad as this provision is, we do want to emphasize that Mr. Dodd's bill has been moving in the right direction. We recently warned about the overly broad emergency lending authorities contemplated for the Federal Reserve under its New Deal-era 13(3) authority. Mr. Dodd has since tightened the definition of firms eligible for these bailouts, though again the too-big-to-fail club under this provision still looks way too big to be supported by taxpayers. The Fed can still rescue large numbers of firms with cheap loans, and the central bank will have broad discretion on the type of collateral it will accept.

Mr. Dodd is moving slowly toward restoration of the freedom to fail in American financial markets. The hardest work is still to be done. To force Mr. Dodd's rough draft on to the Senate floor would constitute behavior as reckless as anything we've seen on Wall Street.

The Fire Next Time (NYT)

By Paul Krugman

[New York Times](#), April 16, 2010

On Tuesday, Mitch McConnell, the Senate minority leader, called for the abolition of municipal fire departments.

Firefighters, he declared, "won't solve the problems that led to recent fires. They will make them worse." The existence of fire departments, he went on, "not only allows for taxpayer-funded bailouts of burning buildings; it institutionalizes them." He concluded, "The way to solve this problem is to let the people who make the mistakes that lead to fires pay for them. We won't solve this problem until the biggest buildings are allowed to burn."

O.K., I fibbed a bit. Mr. McConnell said almost everything I attributed to him, but he was talking about financial reform, not fire reform. In particular, he was objecting not to the existence of fire departments, but to legislation that would give the government the power to seize and restructure failing financial institutions.

But it amounts to the same thing.

Now, Mr. McConnell surely isn't sincere; while pretending to oppose bank bailouts, he's actually doing the bankers' bidding. But before I get to that, let's talk about why he's wrong on substance.

In his speech, Mr. McConnell seemed to be saying that in the future, the U.S. government should just let banks fail. We "must put an end to taxpayer funded bailouts for Wall Street banks." What's wrong with that?

The answer is that letting banks fail - as opposed to seizing and restructuring them - is a bad idea for the same reason that it's a bad idea to stand aside while an urban office building burns. In both cases, the damage has a tendency to spread. In 1930, U.S. officials stood aside as banks failed; the result was the Great Depression. In 2008, they stood aside as Lehman Brothers imploded; within days, credit markets had frozen and we were staring into the economic abyss.

So it's crucial to avoid disorderly bank collapses, just as it's crucial to avoid out-of-control urban fires.

Since the 1930s, we've had a standard procedure for dealing with failing banks: the Federal Deposit Insurance Corporation has the right to seize a bank that's on the brink, protecting its depositors while cleaning out the stockholders. In the crisis of 2008, however, it became clear that this procedure wasn't up to dealing with complex modern financial institutions like Lehman or Citigroup.

So proposed reform legislation gives regulators "resolution authority," which basically means giving them the ability to deal with the likes of Lehman in much the same way that the F.D.I.C. deals with conventional banks. Who could object to that?

Well, Mr. McConnell is trying. His talking points come straight out of a memo Frank Luntz, the Republican political consultant, circulated in January on how to oppose financial reform. "Frankly," wrote Mr. Luntz, "the single best way to kill any legislation is to link it to the Big Bank Bailout." And Mr. McConnell is following those stage directions.

It's a truly shameless performance: Mr. McConnell is pretending to stand up for taxpayers against Wall Street while in fact doing just the opposite. In recent weeks, he and other Republican leaders have held meetings with Wall Street executives and lobbyists, in which the G.O.P. and the financial industry have sought to coordinate their political strategy.

And let me assure you, Wall Street isn't lobbying to prevent future bank bailouts. If anything, it's trying to ensure that there will be more bailouts. By depriving regulators of the tools they need to seize failing financial firms, financial lobbyists increase the chances that when the next crisis strikes, taxpayers will end up paying a ransom to stockholders and executives as the price of avoiding collapse.

Even more important, however, the financial industry wants to avoid serious regulation; it wants to be left free to engage in the same behavior that created this crisis. It's worth remembering that between the 1930s and the 1980s, there weren't any really big financial bailouts, because strong regulation kept most banks out of trouble. It was only with Reagan-era deregulation that big bank disasters re-emerged. In fact, relative to the size of the economy, the taxpayer costs of the savings and loan disaster, which unfolded in the Reagan years, were much higher than anything likely to happen under President Obama.

To understand what's really at stake right now, watch the looming fight over derivatives, the complex financial instruments Warren Buffett famously described as "financial weapons of mass destruction." The Obama administration wants tighter regulation of derivatives, while Republicans are opposed. And that tells you everything you need to know.

So don't be fooled. When Mitch McConnell denounces big bank bailouts, what he's really trying to do is give the bankers everything they want.

David Brooks is off today.

Republican Quandary: Is 'No' Still The Way To Go? (WSJ)

By Gerald Seib

[Wall Street Journal](#), April 16, 2010

Being "the party of no" has worked out quite nicely for Republicans, but that position is about to undergo its own stress test.

By linking arms to oppose the recently passed health-care overhaul and the economic-stimulus package before that, Republicans have been rewarded with higher approval ratings and enhanced midterm-election prospects.

In fact, Sarah Palin last week declared that, rather than shrink from the party-of-no label that Democrats have slapped on them, Republicans should wear it as a badge of honor: "We're the party of hell no," she declared to a gathering of Southern Republicans, who roared their agreement.

But just ahead on the road to the 2010 midterm elections lie three big issues-financial regulatory reform, a Supreme Court pick and an arms-reduction treaty-where it's much less clear that presenting a solid wall of opposition to President Barack Obama and his Democrats makes similarly good political sense. The risk for Republicans is that the image they have cultivated as a party taking principled stands can morph-or, more precisely, be morphed by Democrats-into an image of a party of obstructionists.

"The people who still decide elections in this country expect progress and don't expect obstruction," says Jim Jordan, a leading Democratic strategist. "This sort of monolithic obstruction to everything just doesn't work with swing voters."

Republicans insist they can avoid that trap. "It depends how it's defined," says Republican strategist Frank Luntz. He wrote a memo in January to Republican leaders on the language to use in opposing Democratic bills rewriting the rules of Wall Street regulation that has gone a long way toward framing the party's public posture.

On financial regulation, Mr. Luntz argues, the key is to remember that Washington is more loathed than is Wall Street: "The danger for Republicans is to be seen as defending Wall Street," he says. "The danger for Democrats is to be seen as expanding Washington. Right now Democrats are losing their battle."

In any case, it's clear the two parties have reached an important inflection point. One way of looking at U.S. politics is to see it as an endless cycle of the two parties taking turns overplaying their hands. It's pretty clear Democrats overplayed their hand after the 2008 election, reading into the results a bigger mandate than they got and paying a price.

Now the question is whether Republicans are about to make a similar mistake. The question arises in large measure because two of the issues ahead-ratification of an arms-reduction agreement with Russia and confirmation of a Supreme Court nomination-have traditionally produced shows of bipartisanship.

On the nuclear-arms pact, it's too early to tell exactly what posture Republicans will adopt. The deal was signed by the president just a week ago, and Senate aides say it may be the fall before a ratification vote can be held. Some Republicans have

questioned whether the treaty's provisions might erode American nuclear security, or hobble development of missile-defense systems, but they've been cautious in their assessments.

Meantime, though, Secretary of State Hillary Clinton has made a point of reminding Republicans-and, by extension, voters-that partisanship often is put aside in arms-control votes. On the day the treaty was completed, she noted that the last three major nuclear-arms treaties were approved in the Senate by votes of 95-0, 93-6 and 93-5.

Mr. Obama's Supreme Court nomination to fill the seat of retiring Justice John Paul Stevens hasn't been made yet, but it promises to be the central Washington topic in early summer. To be sure, the traditional bipartisan approach to court nominations is steadily eroding, and the temptation for both parties will be to use an election-year fight to excite their ideological bases. The question is whether that will backfire with centrist voters.

But the most immediate issue is Wall Street regulation, a topic that once seemed more likely to produce consensus rather than the big fight that is developing. Republicans' stated opposition to the Democrats' Senate proposal is that it amounts to a "bailout bill" because a provision allowing the government to oversee the shutdown of big financial firms that hit the rocks will only provide a new safety net for companies making risky investments.

Their quieter objection-one harder to sell politically-is that provisions restricting trading in derivatives and establishing a consumer protection agency will handcuff financial markets.

That has, as you'd expect, opened the way for Democrats to charge that Republicans are merely shielding Wall Street from tighter regulation, a position nobody wants these days. "They are very plainly on the wrong side" of this issue, says Democratic pollster Geoff Garin.

To which Republicans counter that Democrats are the ones who have shut down negotiations over a compromise and forced the opposition to unite.

GOP consultant Whit Ayres argues that "any open-minded person who's willing to evaluate the evidence" will see that "there are any number of Republicans who are open and willing to work on this."

The path of the Wall Street regulation debate in the next few days will determine whether Republicans will have to make that case to voters in the fall.

McConnell Lacks Support To Block Wall Street Reform Bill (HILL)

By Alexander Bolton

[The Hill](#), April 16, 2010

Senate Republican Leader Mitch McConnell (Ky.) does not have enough solid commitments from GOP lawmakers to block consideration of a Democratic Wall Street reform bill.

McConnell has circulated a letter within the GOP conference that would have Republicans pledge to block a motion to proceed to a financial regulatory reform bill unless Democrats agree to reopen it for bipartisan negotiations.

But McConnell has fallen short of the 41 signatures he needs to send Senate Majority Leader Harry Reid (D-Nev.) a clear signal.

So far, Sen. Susan Collins (R-Maine), a crucial swing vote, has declined to sign the letter, according to a Republican source.

Collins said that she supports some of the provisions in the bill but has concerns about the way Democrats have handled it, specifically their decision to cut off talks with Republican negotiators before a bipartisan deal was reached.

But Collins has declined to pledge in a public letter that she would vote to filibuster the reform bill unless Democrats make amends.

It is unclear if any other Republicans senators have declined to sign the letter.

Collins's stance is a significant setback to McConnell, who wants to force Democrats to return to the negotiating table.

A senior Democratic aide said that Reid will go forward with his plan to bring Wall Street reform to the floor next week.

A senior Republican lawmaker confirmed that McConnell had circulated a letter among fellow Republicans promising that the entire GOP conference would vote against a motion to proceed to the reform bill unless Democrats resume negotiations.

"The only way we can get in the room is to show Democrats that they can't ram a bill through the Senate," said the lawmaker.

A senior GOP aide framed it in a more benign way.

"It's a letter urging a bipartisan approach to a final financial regulation bill," said the aide.

Collins may change her mind but without her support, Republicans have significantly less leverage to persuade Democrats to redraft the bill advanced by Senate Banking Committee Chairman Chris Dodd (D-Conn.).

McConnell has taken a strong stance against Dodd's bill because he argues it would enable future bailouts of massive financial institutions.

"Its authors claim that the bill gives the government the authority to wind down failing firms with no exposure to the taxpayer," McConnell said in a speech Wednesday. "But as a factual matter, the bill creates bailout funds, authorizes bailouts, allows for back-door bailouts from the FDIC, Treasury and the Fed, and even expands the scope of future bailouts."

A GOP aide speculated that McConnell may soon approach Reid with his suggestions for improving the bill, even though McConnell is in a weaker position than if he had the votes to block it.

Sen. Charles Schumer (N.Y.), vice chairman of the Democratic conference and a member of the Banking Committee, said he would welcome hearing McConnell's proposals.

Collins Lone GOP Holdout (POL)

By Carrie Budoff Brown

[Politico](#), April 16, 2010

Sen. Susan Collins (R-Maine) remained the lone GOP holdout Thursday night in a push by Senate Minority Leader Mitch McConnell to line up all 41 Republican senators behind a letter opposing the Democratic Wall Street reform bill.

The resistance from Collins slowed efforts by the Republican leadership to throw up a united front that would thwart a plan by Democrats to bring the financial regulatory bill to the floor as early as next week. Senate Majority Leader Harry Reid (D-Nev.) needs support from at least one Republican to open debate on the bill.

"I am still talking with my colleagues about whether a letter is the most effective way to send the message, or whether there are better ways, and those discussions are still ongoing," Collins told reporters at the Capitol. "I agree with my colleagues that the Dodd bill is deeply flawed. But, as a former financial regulator, I also feel strongly that the current system is very flawed. We need a financial regulatory bill, just not this one."

Collins told POLITICO Thursday night that she "would like to see both sides come back together and work out a bipartisan bill because this should not be a partisan issue."

The letter was being shuttled between Senate offices by hand, preventing any draft copies from being leaked to the media. But the message of the letter, as described by senators who have signed it, would appear to sync up with Collins' position.

Collins, however, refused to say definitively whether she would sign onto the letter.

"What letter?" she joked.

Collins targeted the inclusion in the bill of a \$50 billion fund, financed by financial firms, to wind down failing institutions. "We're essentially telling these big institutions that there still will be funding to bail them out if they continue to pursue high-risk practices and that just doesn't make sense to me," she said.

Other moderate Republican targets, including Maine Sen. Olympia Snowe, Ohio Sen. George Voinovich and Massachusetts Sen. Scott Brown, have signed the letter.

Meredith Shiner contributed to this story.

Eight Republicans Who May Break Ranks On Bank Bill (POL)

By Eamon Javers

[Politico](#), April 16, 2010

The Republican rhetoric sounded tough on financial regulatory reform early this week.

"Shame on the president," said Sen. Scott Brown (R-Mass.), who complained that President Barack Obama was derailing bipartisan negotiations on Wall Street reform for short-term political gain.

But behind such tough talk is a realization within Republican ranks that several of their own may find themselves voting with Obama when the final Wall Street reform deal comes together. "Some feel like you need to vote for it, just because it's a popular measure," said Sen. Lindsey Graham (R-S.C.).

What's striking about the potential GOP "yes" votes is how they differ from the usual suspects who were the focus of such heated speculation during the health care debate.

In addition to such perennial GOP maybes as Graham and Sens. Susan Collins and Olympia Snowe of Maine, lobbyists are also talking about Republican senators closer to the core of the party who might side with Obama, including Bob Bennett of Utah and perhaps even John McCain of Arizona.

Call them the unusual suspects.

Democrats need at least one GOP vote, and the speculation is intensifying as Senate Majority Leader Harry Reid (D-Nev.) says he wants to bring the bill to the Senate floor as early as next week. But one Republican financial lobbyist predicts a domino effect if Republicans get on board: "If one goes, 20 will go. It will be 'open the floodgates.'"

Here are the eight senators Wall Street is watching most closely:

Saxby Chambliss

The Georgian is the ranking member on the Senate Agriculture Committee, where he has taken a lead role in negotiating the derivatives piece of the bill with Democratic chairwoman Blanche Lincoln of Arkansas. Derivatives are enormously important to large agribusinesses that use them to hedge commodity price risks, but Chambliss has his nose out of joint because Lincoln introduced a liberal-friendly version of the bill without his input earlier this week.

Still, if the bill can somehow be dragged back toward him, Chambliss may want to be part of the deal. "We would like to get a bipartisan bill," he said. "We would all like to eliminate this too-big-to-fail issue. That's not an issue that's going to have any disagreement between Democrats and Republicans. How we get there is where the disagreements will be."

Can you say "Dodd-Chambliss?"

Scott Brown

He was mad at the president at the beginning of the week. But some on Wall Street are convinced that by the end of the debate he'll be with Obama for the final vote. That's because he's a Massachusetts Republican, after all, despite his tea party cred and high-profile campaign against Obama's health care bill. Republicans are a rare enough breed in New England, and they generally don't survive long if they don't hew close to the political center.

"The bottom line is, where there are problems [on Wall Street], we should fix them," Brown said. And he added that he will take a hard look at the proposals, on which he is just getting up to speed. "I'm not going to vote on anything or make any statements until I read the bills," he said.

Bob Corker

The first-term senator from Tennessee shocked his GOP colleagues by stepping up to take over the role of lead Republican negotiator on regulatory reform when negotiations between Senate Banking Committee Chairman Chris Dodd and ranking Republican Richard Shelby broke down. That's a no-no in the seniority-obsessed Senate, but Corker made himself into an integral deal maker on the bill.

Now that Shelby's back at the table, Corker may relish a chance to be the closer. Lobbyists wonder whether he wants the bill to be named "Dodd-Corker," to secure a place in financial history.

"I think we all want to see financial regulation take place; I really do," said Corker. And of the areas in dispute, he said, "These things are very solvable. It just takes a little grind-it-out work."

Corker also has made it clear that he thinks the Republicans would be making a political mistake to stand against the bill. "I will be stunned if we do not reach a bipartisan agreement. ... Unfortunately, the winds are blowing - there's lots of things happening here that don't aid that effort, but at the end of the day, I think we're going to have a solid bipartisan effort," he told ABC's "Good Morning America" on Thursday.

John McCain

Many lobbyists say they are watching Obama's former presidential rival - perhaps the most unusual of the unusual suspects - because he's engaged in a heated Arizona Republican primary with former Rep. J. D. Hayworth. Financial observers have concluded that McCain's vote will depend entirely on his analysis of how it plays among Arizona primary voters.

"If McCain decides that doing this will help him beat J.D. Hayworth, he'll do it," says one.

McCain formed an unlikely alliance with Sen. Maria Cantwell (D-Wash.) to propose reinstating the Depression-era Glass-Steagall Act, which separated commercial banking from investment banking. That law was repealed in the late 1990s, and many critics say it allowed for the growth of mammoth and risky investment banks. Fully reinstating the law would be further than the Obama administration has proposed.

But for now, Wall Street can breathe easy. Asked if he or other Republicans might vote for the bill, McCain offered a terse "no" and stepped quickly into an elevator.

Bob Bennett

The Utah Republican is another old-line senator facing a tough primary fight back home, which means many put him in the same category as McCain - a possible yes, but only if it plays well on the ground in Utah.

Bennett seemed more open to the idea than McCain, telling POLITICO simply, "I think it's far too early to engage in that sort of speculation."

Kit Bond

He's retiring this year, which gives the Missouri senator a lot of freedom - and puts him squarely in the cross hairs of the administration, which is targeting GOP retirees for special wooing. But asked if he would support the bill, Bond said he'd vote for it "when there's a decent bill." But, he said, "there's so many problems with this bill now." He would not elaborate.

Olympia Snowe and Susan Collins

Both Maine senators are moderates and squarely in the usual-suspects camp, because each was earlier seen as a potential defector on health care.

"I'm looking at everything," Snowe said. "I have not made any decisions."

For her part, Collins said, "We need to prevent large financial firms from holding taxpayers hostage. I'm still looking at issues."

Collins said she's got a host of concerns, including the bill approach on too big to fail, the authority of a proposed council of financial regulators, gaps in regulatory authority and derivatives.

Foreclosures Rise As Banks Repossess More Homes (WP)

By Renae Merle

[Washington Post](#), April 16, 2010

More people lost their homes to foreclosure during the first quarter of this year as banks worked through a backlog of troubled borrowers and repossessed more properties, according to data released Thursday by RealtyTrac.

The number of homes repossessed, the final stage of the foreclosure process, reached 257,944 during the quarter. That is up 9 percent from the previous quarter and 35 percent from the first quarter of 2009, according to RealtyTrac, an online service that estimates that it tracks about 90 percent of the housing market.

Foreclosures have been suppressed over the past year by government and industry mortgage relief programs to keep people in their homes. But as those efforts have faltered, economists and industry experts expect more borrowers to lose their homes through foreclosure or short sales, in which properties are sold for less than what's owed.

During the first quarter, banks repossessed about 130 homes in the District, about the same number as during the corresponding period last year. But more were repossessed in Maryland and Virginia in the first quarter of 2010 -- 2,500 and 5,000, respectively.

"We're not surprised to see an influx of [repossessed properties]. We thought this would be coming, we just didn't know when," said Daren Blomquist, spokesman for RealtyTrac.

Distressed sales have started to make up a growing part of home sales, according to data from First American CoreLogic, a research firm. Foreclosures and short sales accounted for 29 percent of home sales in January, compared with about 23 percent in July.

This comes as the Obama administration revamps its foreclosure prevention program to provide more help to borrowers who owe more than their homes are worth, a situation known as being underwater.

According to data released Wednesday by the Treasury Department, about 1 million borrowers have received help under the Making Home Affordable program, which lowers homeowners' payments to 31 percent of their income. But the majority are at risk of losing the mortgage aid and still have to prove they qualify.

Only about 230,000 U.S. homeowners had secured permanent loan modification under the program through last month, according to the data, and more than 150,000 had been dropped from the program because they didn't keep up with their payments or their lender determined they did not qualify after all.

Fighting Foreclosures (NYT)

[New York Times](#), April 16, 2010

From the start, the central concern about President Obama's anteforeclosure effort has been that it would postpone foreclosures but ultimately not prevent enough to ease the economic strain from mass defaults. That concern seems increasingly justified.

In the first quarter of 2010, there were 930,000 foreclosure filings - an increase of 7 percent from the previous quarter and 16 percent from the first three months of 2009, according to recent data from RealtyTrac, an online marketer of foreclosed properties. The surge seems to indicate that homes that were in the foreclosure pipeline are now being lost for good.

The administration's figures are not encouraging either. The Treasury reported recently that as of March, nearly 228,000 troubled loans qualified under the Obama plan for long-term payment reductions; another 108,000 long-term modifications were pending. That's up from February, but still far behind the need. Currently, some six million borrowers are more than 60 days delinquent.

Three oversight groups have issued reports in the past month criticizing the administration's effort and predicting that it would fall far short of its goal of helping four million borrowers by the end of 2012.

And on Tuesday, officials from JPMorgan Chase and Wells Fargo told a Congressional panel that they were not inclined to fully embrace the administration's latest foreclosure-prevention plan. Announced in late March, it calls for lenders to modify troubled mortgages by cutting the loan principal, which restores some equity to borrowers while lowering the payment. The bankers were unpersuasive. They generally objected to large-scale principal reductions, even though the administration's plan applies relatively narrowly to borrowers who are deeply indebted and meet various other criteria.

The testimony was more proof that relying on lenders to voluntarily rework troubled loans is not working.

The hearing investigated a specific obstacle to widespread modifications: Investors, including pension funds and mutual funds, often hold the first mortgages. Banks often hold home-equity loans and other second mortgages. Investors reasonably believe that second liens should be reduced before the primary mortgage is modified, but banks balk at that because it would prompt write-offs they don't want.

Some investors, notably the powerhouse group BlackRock, have called for a special bankruptcy process to resolve the standoff. The court would seek to reduce bankrupt borrowers' total debt to affordable levels, starting with unsecured debt like credit cards, then undersecured debt, like second mortgages, and then, if necessary, the primary mortgage debt.

We have long called for using bankruptcy court to help resolve the foreclosure crisis. A big advantage of bankruptcy over government-subsidized modifications is that bankruptcy is a difficult process that does not entice anyone to purposely default in order to get better repayment terms.

Banks have argued for the status quo, in which bankruptcy judges are not allowed to modify the terms of primary mortgages, and they have prevailed in Congress and, apparently, within the administration. The result is an ongoing foreclosure crisis. It is time to revive the fight to open the courthouse door to bankrupt homeowners.

U.S. Economy: Factories Grow, Labor Market Struggles (Update2) (BLOOM)

By Shobhana Chandra And Timothy R. Homan

[Bloomberg News](#), April 16, 2010

April 15 (Bloomberg) -- Manufacturers are charging ahead as sales and inventories grow, spearheading a U.S. economic recovery that shows scant signs of lifting labor markets.

Factory production climbed 0.9 percent after rising 0.2 percent in February, the Federal Reserve said today in Washington. Regional data indicated the gains extended into this month, while figures from the Labor Department showed unemployment claims climbed unexpectedly last week to the highest level in two months.

"Manufacturing is doing pretty well," said Michael Feroli, chief U.S. economist at JPMorgan Chase & Co. in New York. "It is still very much in the lead. The labor market is a concern and a puzzle."

Stocks gained for a sixth day as the reports depicted a mixed picture of the economic recovery. Intel Corp. is among companies projecting sales will keep climbing as businesses invest in new equipment and the global recovery gathers momentum.

The Standard & Poor's 500 Index rose 0.1 percent to an 18-month high of 1,211.67 at 4 p.m. in New York. Treasury securities rose, pushing the yield on the benchmark 10-year note down to 3.83 percent from 3.86 percent late yesterday.

The Labor Department report showed the number of Americans filing claims for jobless benefits rose by 24,000 to 484,000 in the week ended April 10. A government spokesman said the jump had due more to with administrative factors reflecting volatility around the Easter holiday than economic reasons.

Worse Than Anticipated

Economists forecast claims would fall to 440,000 from 460,000 the prior week, according to the median of 44 projections in a Bloomberg News survey. Estimates ranged from 415,000 to 451,000.

The four-week moving average of initial claims, a less volatile measure than the weekly figures, increased to 457,750 last week, from 450,250.

"We're not making rapid progress," Neal Soss, chief economist at Credit Suisse Holdings USA Inc. in New York, said in an interview with Bloomberg Radio. "Job growth over the course of this year will be sufficient to bring the unemployment rate down."

Fed Chairman Ben S. Bernanke said yesterday the labor market will be slow to recoup the jobs lost since the recession began in December 2007.

Bernanke, Unemployment

"Consumer spending should be aided by a gradual pickup in jobs and earnings, the recovery in household wealth from recent lows, and some improvement in credit availability," he said in prepared testimony to the Joint Economic Committee of

Congress. Even so, "a significant amount of time will be required to restore the 8 1/2 million jobs that were lost during the past two years."

Reports from the New York and Philadelphia Fed Banks showed manufacturing accelerated in April. New York's Empire State index climbed to 31.9, a ninth consecutive month of growth, from 22.9 in March. Philadelphia's general economic index rose to 20.2 from 18.9. Readings greater than zero signal expansion.

Warmer weather last month caused utility use to drop by the most in four years, limiting the overall gain in national industrial production to 0.1 percent, less than anticipated, the Fed's report showed.

Output was forecast to increase 0.7 percent after a previously reported 0.1 percent gain in February, according to the median estimate of 78 economists surveyed. Projections ranged from 0.3 percent to 1.2 percent.

Broad-Based Gains

Production of consumer durable goods increased 2 percent, reflecting gains in automobiles, furniture and electronics.

Output of business equipment increased 1.4 percent as demand for computers, communications equipment and semiconductors climbed, showing capital investment is improving.

Intel, the world's biggest chipmaker, is among companies benefiting from rising demand. The Santa Clara, California-based producer this week forecast record profit margins for the year and said sales will rise this quarter after a 44 percent gain in the first three months of the year.

Consumers served as a "big driver" of computer demand and corporate executives, more confident about their outlook, are replacing aging machinery, Chief Executive Officer Paul Otellini told analysts on an April 13 conference call. "We are optimistic about the prospects of our business for 2010 and beyond."

Builders' outlook is also improving. The National Association of Home Builders/Wells Fargo confidence index increased to 19, a seven month high, as customers took advantage of a government tax credit before it expires, the group said today. Even with the gain, the industry is bleak as readings less than 50 mean more respondents said conditions were poor.

To contact the reporters on this story: Shobhana Chandra in Washington at schandra1@bloomberg.net; Timothy R. Homan in Washington at thoman1@bloomberg.net

Rise In Jobless Claims Underscores Wobbly Recovery (AP)

By Jeannine Aversa, AP Economics Writer

[Associated Press](#), April 16, 2010

WASHINGTON - A spike in unemployment claims Thursday underscored the bumpiness of the economic rebound: Consumers are spending more. Factories are making more. But layoffs have not tapered off as fast as expected.

So can the recovery gather much steam if 17 percent of working-age Americans remain jobless or underemployed?

Employers have begun to add jobs recently, including 162,000 in March. Yet much stronger job creation is needed to ease the current 9.7 percent unemployment rate. And if layoffs were to spike and job creation sputter, the recovery could fall back into a "double-dip" recession.

The odds of that have receded as the economy has strengthened. But it can't be dismissed.

"It looks like we're on a path to moderate recovery and that the risk of a double-dip, while certainly not negligible, it is certainly less than it was a few months ago," Federal Reserve Chairman Ben Bernanke told Congress on Wednesday. "That being said, there are any number of possible things that could derail it."

At the top of Bernanke's risk list: Chronically high unemployment, which he said could cause consumers to spend less and weaken the recovery.

Economists think unemployment will probably remain above 9 percent by the November midterm elections, making Democratic and Republican incumbents in Congress vulnerable, particularly in hard-hit states. President Barack Obama is summoning top economic advisers for a meeting Friday to talk about creating new jobs, the White House said.

In its report on unemployment claims, the government said the number of newly laid-off people signing up for jobless aid last week surged 24,000 to a seasonally adjusted 484,000. That was the most since late February. Economists had predicted a drop in first-time claims.

It marked the second week that claims unexpectedly leaped. The government cautioned against reading much into the past two weeks' figures, saying they were skewed by seasonal adjustments related to Easter.

But some economists were disheartened by the report.

Mike Feroli, economist at JP Morgan Chase Bank, called the back-to-back increases "a clear disappointment" and "a puzzle against the backdrop of generally improving economic data."

One theory is that hiring is being held back by productivity gains. Companies are boosting production and meeting customer demand by squeezing more work from their existing staff. That means they can get by with fewer workers.

For all of 2009, workers' productivity grew 3.8 percent. It was the fastest pace in seven years.

If that pace of productivity growth were to persist, Bernanke said Wednesday, "there is a possibility - I wouldn't consider it the leading possibility - but there is a possibility that unemployment will stay stubbornly high, around 10 percent."

During the recession, companies slashed their payrolls. More than 8.2 million jobs were cut. Employers are loath to ramp up hiring until they see a big and sustained increase in sales. Yet few expect robust sales gains anytime soon.

Among the companies still cutting staff is American Electric Power Co. Inc., one of the nation's largest power generators. This week, it told employees it plans to trim its work force by up to 10 percent. It said it hopes between 1,000 and 2,000 of its nearly 22,000 employees will accept buyout offers.

Jobs cuts like those help explain why the unemployment rate has been stuck at 9.7 percent for three months, near its highest levels since the 1980s. Competition for job openings is fierce. Counting people who have given up looking for work and part-timers who would prefer to be working full-time, the so-called underemployment rate is 16.9 percent.

Bernanke noted that chronically high unemployment and weak job creation could further weaken consumer confidence. Shoppers would hold back on spending. A sharp retrenchment by consumers could throw the nation into a recession again.

So far, consumers have been holding up fairly well to the strains of high unemployment, stagnant wages and tighter credit. Sales at the nation's retailers grew a strong 1.6 percent in March, the government said Wednesday.

That and other reports this week added to evidence that the fledgling recovery is gaining traction:

- . Factory production accelerated in March, rising 0.9 percent, the Federal Reserve reported. That was a substantial improvement from the 0.2 percent increase logged in February, when snowstorms hit the East Coast and restrained production.

- . The Fed also reported that the recovery is spreading to most parts of the country. Merchants are seeing better sales. Factories are boosting production. Still, many companies are wary of beefing up their staffs.

Even with the back-to-back spikes in jobless claims over the last two weeks, the trend in claims has been a slow drift down. First-time requests for jobless benefits peaked during the recession at 651,000 in March 2009.

Joel Naroff, president of Naroff Economic Advisors, said he had expected claims would be much lower by now - around 400,000 to 425,000 - and pointing toward a lower jobless rate.

"The labor market isn't necessarily deteriorating further, but it is not improving at the pace we hoped it would," he said.

The number of people continuing to draw unemployment aid also rose - illustrating how hard it is to find a job. Their numbers rose to 4.64 million from 4.57 million.

That figure does not include millions who have used up the regular 26 weeks of benefits typically provided by states and are receiving extended benefits for up to 73 more weeks. About 5.97 million people were receiving extended benefits in the week that ended March 27.

A bill restoring jobless benefits to people struggling to find work is on track in the Senate. The measure would prevent even more people whose 26 weeks of state-paid benefits have run out from losing an average of \$335 a week in federally funded aid. The House would have to vote again on the measure after passing it last month.

U.S. Industrial Production Rose In March (NYT)

By Javier C. Hernandez

[New York Times](#), April 16, 2010

An energetic rebound for manufacturers continued in March, a report showed on Thursday, bolstering hopes that the nation's factories could help lead the American economy out of its deep downturn.

Manufacturing increased 0.9 percent in March from the previous month, the Federal Reserve said. Over all, industrial production increased 0.1 percent.

Robust demand in the United States and abroad for products like tractors and airplanes has energized factory production. In addition, businesses are rebuilding depleted inventories, helping strengthen output, and exports are increasing, particularly to Asia.

Cliff Waldman, an economist for the Manufacturers Alliance-MAPI, said the data showed that manufacturing was "in the throes of an impressive recovery."

He cautioned, however, that "a stable and steady manufacturing rebound will require a broader global rebound beyond the strength that is emanating from Asia."

As inventory restocking slows, the future of manufacturing will largely depend on demand from consumers. While consumer spending has improved, households face significant hurdles, including a stubbornly weak labor market and increased debt loads for many.

Indeed, filings for first-time jobless claims unexpectedly rose last week, the Labor Department said Thursday, resurrecting worries that businesses were still relying on layoffs to cut costs. Claims increased 24,000 last week, hitting 484,000; analysts had expected a 20,000 drop.

Labor Department officials attributed the jump largely to administrative reasons, as states re-evaluated whether workers were qualified for extended benefits.

They noted that the longer-term trend of dwindling claims appeared to be intact and said the figures might be revised next week.

But the spike revived worries that a turnaround for the labor market would be elusive. The unemployment rate is expected to remain near 10 percent through the end of the year, rising slightly as discouraged workers re-enter the labor force. And jobs are not being created fast enough to make a significant dent in the unemployment rate.

"Even after recent declines, the level of claims is higher than one would expect it to be if private nonfarm payrolls were really poised to begin sustained gains," Joshua Shapiro, chief United States economist for MFR, a consulting firm, wrote in a research note.

Still, sectors like manufacturing have added jobs at a rapid clip, offering hope that the economy is on the cusp of sustained job creation.

While manufacturing was strong in March, industrial production as a whole was tepid, largely because of a 6.4 percent drop in utilities output.

Economists attributed that decline to unusual weather patterns. The winter months were unusually cold and March was unusually warm, leading utility output to soar and then drop significantly.

Mining output was robust, showing 2.3 percent growth.

The Fed's survey of New York State manufacturers showed strong growth in early April, with activity hovering near its highest levels in six years. Employment rose to its highest level in two years and new orders and shipments surged.

Factory Output Surged 0.9% Last Month (WSJ)

By Sudeep Reddy

[Wall Street Journal](#), April 16, 2010

Manufacturing output surged in March as factories continued to lead the economic recovery, a report released Thursday showed, while a key gauge of housing-sector sentiment benefited from a federal tax credit due to expire this month.

Factory output increased 0.9% in March, the Federal Reserve said, led by gains in long-lasting goods such as vehicles, furniture and appliances. Overall industrial production rose just 0.1% as utilities' output plunged amid a decline in heating demand.

U.S. industries operated at 73.2% of capacity last month, up slightly for the month and 3.7 percentage points above a year ago, though still considerably below historical averages.

The strong factory output reinforced expectations that the manufacturing sector will boost the economy as firms bring back workers to raise output and restock store shelves.

"A combination of lean inventories and improving orders suggests that manufacturing output will be well supported in coming months," said Joshua Shapiro, chief U.S. economist at consultancy MFR Inc.

Meanwhile, optimism in the housing sector came largely from a federal homebuyer tax credit that expires this month. The National Association of Home Builders index, based on sentiment in the industry, rose to 19 in April from 15 last month due to strong sales and buyer traffic. But the group warned of weaker prospects for the sector after the expiration of the tax credit- worth up to \$8,000 for contracts signed by April 30-until the broader economy and job market recover.

Builders "are very aware of the many factors that continue to drag on housing at this time-including the critical shortage of credit for new and existing projects, problems with inaccurate appraisals and the ongoing flow of foreclosed properties on the market," the group said in a statement.

Separately, new jobless claims rose 24,000 to 484,000 last week, the second straight weekly increase.

The Labor Department attributed the increase more to administrative factors, such as seasonal adjustment for the Easter holiday, than economic causes. Continuing jobless claims-those lasting more than a week-rose by 73,000 to 4.64 million in the week ending April 3.

Write to Sudeep Reddy at sudeep.reddy@wsj.com

Tech Sector In Hiring Drive (WSJ)

Google, Intel Add Workers as Profits Snap Back; Start-Ups Also Fight for Talent

By Cari Tuna, Jessica E. Vascellaro And Pui-wing Tam

[Wall Street Journal](#), April 16, 2010

The technology industry, an engine of innovation and U.S. prosperity for more than half a century, is accelerating its recovery from the recession with surging earnings that have spurred companies to sharply ramp up their hiring.

The latest evidence for the rebound came Thursday, when Internet giant Google Inc. posted a 37% profit jump for the first quarter and chip maker Advanced Micro Devices Inc. reported a 34% revenue increase to record levels. The results follow the strong showing of bellwether Intel Corp., which Tuesday announced quarterly profit that nearly quadrupled on a 44% jump in sales.

The trio of results kicks off what is likely to be a strong earnings streak as tech spending by companies and consumers picks up. Next week, Apple Inc., Amazon.com Inc. and Microsoft Corp., among others, are slated to report quarterly results. Tech-research firm ISI Group projects that overall revenues from such companies will rise more than 10% for the first quarter, compared with a 16% decline a year earlier. Meanwhile, Standard & Poor's forecasts a 79% increase in tech earnings for the quarter from year-ago levels.

The growth has reached a level where tech companies are pushing to hire again, in some cases engaging in heated competition for talent. That's a turnabout for the industry, which had a series of layoffs last year, when some tech giants, notably Microsoft Corp., had mass layoffs for the first time.

The hiring ramp-up began late last year, with demand for tech goods and services stabilizing after months of declines. At the time, Google Chief Executive Eric Schmidt said the Mountain View, Calif., company was ready to spend again, including on new recruits. On Thursday, Google said it hired 786 new employees in the first quarter and was just getting started.

"We expect to continue hiring aggressively through the year," said Google Chief Financial Officer Patrick Pichette on a call with analysts. "We have a strong pipeline of candidates primarily focused on engineering and sales, and we are on-boarding them to fuel our growth agenda as fast as possible."

Earlier this week Intel disclosed plans for what it called its first substantial hiring in five years. The company expects to hire 1,000 to 2,000 people in 2010, an Intel spokeswoman said. The Santa Clara, Calif., chip maker, which has trimmed about 20,000 workers from its payrolls since 2006, ended 2009 with 79,800 employees.

Cisco Systems Inc. in February said it plans to hire between 2,000 and 3,000 workers, after adding 2,100 employees in the three months ended Jan. 23, mostly through acquisitions. In total, the networking-gear maker employs about 66,000 workers.

The hiring isn't limited to tech behemoths, with smaller Silicon Valley companies also diving headlong into the race for people. Twitter Inc. has added about 125 employees since last May for a total of 170, and will continue ramping up, said Chief Executive Evan Williams this week. The San Francisco company, which relocated to a new headquarters last year, will have to move again in the next year or so, he added.

Social-networking company LinkedIn Corp. said it recruited 184 people last year to bring its work force to around 500 people, with most of that hiring done in the fourth quarter. The company has hired an additional 154 people so far this year.

"It's a very competitive job market," said Steve Cadigan, LinkedIn's vice president of people operations, who added that the company is targeting an additional 300 hires this year.

In an indicator of the growing demand, tech-jobs Web site Dice.com said it now lists more than 62,000 tech positions nationwide, up nearly 22% from 51,000 a year earlier. Year-over-year growth in tech-job listings picked up in March, the first time job listings rose on an annual basis since December 2007, according to Dice.

The demand has turned some hires into all-out bidding wars again, reminiscent of last decade's tech boom. Sam Shah, 30 years old, a San Francisco resident and computer science Ph.D., began job-hunting in February after the Silicon Valley start-up he was working hit some bumps. Within a week, he says he had job offers from five Internet companies including LinkedIn.

"I interviewed on a Friday and had an offer by Tuesday," Mr. Shah says. When he accepted LinkedIn's offer to become a senior software engineer, he says the other companies "called me again and offered more money." "They all tried to compete with one another." Mr. Shah, who says he makes more than \$120,000 a year, started with LinkedIn in late March.

Many tech companies continue to shed some jobs while adding in other categories. Oracle Corp. is cutting some workers as it integrates its acquisition of Sun Microsystems but is also hiring 2,000 employees "to beef up the Sun businesses," said CEO Larry Ellison in January. Hewlett-Packard Co. Chief Executive Mark Hurd has said he plans to add to the company's salesforce even as it has cut some jobs following acquisitions such as Electronic Data Systems; H-P had 304,000 employees as of last October, down from around 321,000 a year earlier.

The tech hiring contrasts with a relatively weak U.S. labor market, with the national unemployment rate holding steady at 9.7% in March. Few other major employers have reported plans to add or call back workers. On Wednesday, J.P. Morgan Chase & Co. said it plans to hire nearly 9,000 U.S. employees, and CSX Corp., a major U.S. rail company, said it is calling back furloughed workers and even hiring new employees in some locations.

The recovery in the tech industry is broad, touching a diverse set of products and services from personal computers to online advertising. On Wednesday, research firms Gartner and IDC said global PC sales jumped more than 24% in the first quarter as consumers and businesses got back into the buying game.

Internet ad-spending rebounded late last year after some slow months, with fourth-quarter spending rising 2.6% from a year ago to \$6.3 billion, according to a report this month from PricewaterhouseCoopers and the Interactive Advertising Bureau.

"The tech recovery has started in the U.S. and around the world," says Andrew Bartels, an analyst at Forrester Research. He estimates the U.S. technology market will increase 8.4% this year to \$550 billion after shrinking 7.9% in 2009.

And the momentum isn't dependent on just companies and consumers beginning to spend again on tech categories they had cut back on. Newer tech products such as videoconferencing systems and electronic medical records are also gaining traction. "That means this tech recovery has legs," says Mr. Bartels.

Google's results demonstrate why tech hiring has ramped up. The company's Internet-ad business continued to improve during the first quarter as advertisers increased spending across geographies and products.

Overall, Google's revenue rose to \$6.77 billion from \$5.51 billion a year ago, with net income jumping to \$1.96 billion from \$1.42 billion a year earlier. The revenue growth of 23% was the fastest year-over-year growth since the third quarter of 2008.

While the results were slightly better than analysts expected, some of the expectations had been built into Google's stock. The shares fell 4.6%, or \$27.24, to \$568.06 in after-hours trading on the Nasdaq Stock Market.

Analysts also expressed concerns about online-ad pricing, which has been under pressure as Google expands into new geographies. Google's average cost-per-click rose 7% from a year ago and fell 4% from the fourth quarter, when the closely watched metric grew 5% year-over-year.

Mr. Pichette led the analyst call in lieu of Google CEO Mr. Schmidt, who he said would no longer participate in the calls in the interest of "streamlining." Mr. Pichette added that improving market conditions were fueling Google's desire to expand and that the company had a "strong M&A pipeline in place." -Don Clark contributed to this article.

Write to Cari Tuna at cari.tuna@wsj.com, Jessica E. Vascellaro at jessica.vascellaro@wsj.com and Pui-Wing Tam at pui-wing.tam@wsj.com

Stocks Edge Higher On Mixed Reports, UPS Outlook (AP)

By Tim Paradis, AP Business Writers

[Associated Press](#), April 16, 2010

NEW YORK - An encouraging earnings forecast from UPS and stronger manufacturing figures gave the stock market its sixth straight advance.

The gains Thursday were modest following a surprise increase in the number of newly laid off people seeking unemployment benefits.

Analysts said a slowdown in the market's upward push was overdue. The Dow Jones industrial average rose 21 points after racing up nearly 104 on Wednesday. The Dow closed above 11,000 Monday for the first time in a year and a half. Other major stock indexes also stand at their highest levels since 2008.

The technology-dominated Nasdaq composite index posted the biggest rise of major indexes ahead of earnings from Google Inc. The Internet search company reported after the closing bell that its first-quarter profit rose 37 percent but the stock fell 5 percent in electronic trading on concerns the company wasn't holding down costs.

Nasdaq 100 index futures slipped 0.2 percent following Google's report.

The forecast from UPS Inc. raised hopes that the economy is strengthening. The company raised its full-year earnings target because of stronger international deliveries. As the world's largest shipping company, UPS's results are seen as an early indicator of overall business activity. UPS shares rose 5.3 percent.

The UPS numbers and improved manufacturing reports from the Federal Reserve helped to offset some of the concern about the jobs figures.

The Labor Department reported that initial claims for unemployment benefits rose unexpectedly for a second straight week. First-time claims for jobless benefits rose by 24,000 to 484,000 last week, the highest level since late February. Economists polled by Thomson Reuters forecast a drop. The Easter holiday could have skewed the numbers, analysts said.

The stock market has been churning steadily higher after major indexes hit 12-year lows in March last year. Growing expectations for a recovery have been driving the climb. The increases in the past two months have been more subdued.

Charlie Smith, chief investment officer at Fort Pitt Capital in Pittsburgh, said the market's more consistent advance since February is welcome because it means investors aren't getting overly optimistic.

"We are seeing a straight line (higher) but there's not a whole lot of exuberance to it," he said. "There is a tremendous amount of skepticism about the market and that's a good thing."

The Dow rose 21.46, or 0.2 percent, to 11,144.57, its highest close since Sept. 19, 2008. The Dow has risen three out of every four days in the past two months but it hasn't gone up six straight days since mid-March.

The S&P 500 rose 1.02, or 0.1 percent, to 1,211.67, while the Nasdaq rose 10.83, or 0.4 percent, to 2,515.69.

Falling stocks narrowly outnumbered those that rose on the New York Stock Exchange, where consolidated volume dropped to 6 billion shares from 5.7 billion Wednesday.

Bond prices rose, pushing their yields lower. The yield on the benchmark 10-year Treasury note fell to 3.84 percent from 3.87 percent late Wednesday.

The dollar and gold both rose.

Crude oil fell 33 cents to \$85.51 per barrel on the New York Mercantile Exchange.

David Chalupnik, head of equities at First American Funds in Minneapolis, said investors continue to put money in stocks of companies that are poised to benefit from a sharp rebound in the economy, like technology and industrial businesses. Defensive stocks like health care providers and phone companies are lagging.

He said the companies most tied to the winds of the economy cut costs the most during the recession and can snap back the most.

"As you go through earnings season here, it's going to be these companies that are going to put up the biggest surprises," he said.

The Federal Reserve said industrial production rose 0.1 percent in March. The increase was less than most economists had forecast but the report still indicated growth at the nations' factories, mines and utilities for the ninth straight month.

The New York Federal Reserve's Empire State Manufacturing Survey rose more than expected for April. A similar snapshot of regional manufacturing from the Philadelphia Federal Reserve also signaled that conditions are improving.

Among stocks in the news, UPS rose \$3.44, or 5.3 percent, to \$68.89.

Citigroup fell 12 cents, or 2.4 percent, to \$4.81 after trading as high as \$5.07. It hadn't topped the psychological barrier of \$5 since October.

Yum Brands Inc., the parent of the Pizza Hut, Taco Bell and KFC restaurant chains, rose to a new high after the company's first-quarter earnings topped expectations. Yum shares closed up \$1.10, or 2.6 percent, to \$42.78. The stock rose as high as \$43.76 following its report after regular trading hours Wednesday.

Google Inc. rose \$6.30, or 1.1 percent, to \$595.30. In after-hours trading the stock fell \$29.06, or 4.9 percent, to \$566.24.

The Russell 2000 index of smaller companies rose 1.81, or 0.3 percent, to 724.21.

Britain's FTSE 100 rose 0.5 percent, while Germany's DAX index and France's CAC-40 each rose 0.2 percent. Japan's Nikkei stock average gained 0.6 percent.

President Signs Bill To Extend Jobless Aid (NYT)

By Carl Hulse

[New York Times](#), April 16, 2010

WASHINGTON - Congress on Thursday approved legislation that would keep unemployment checks flowing to jobless Americans, and President Obama immediately signed it.

After the Senate resolved a stubborn impasse, deciding the \$18 billion cost of the measure could be added to the deficit, the House quickly followed with approval of the measure on a bipartisan vote of 289 to 112.

The measure, which would continue added unemployment benefits and other expired federal programs through May, will restore aid to thousands of Americans who had exhausted their benefits or whose eligibility was expiring. The legislation means that those out of work can receive up to 99 weeks of unemployment pay in some states. It will restore benefits to anyone who may have lost pay during a two-week interruption in the program.

In the Senate, three Republicans joined Democrats in shutting off debate on the legislation that also continues health insurance subsidies for those out of work. In the House, 49 Republicans joined 240 Democrats in backing the measure. Joining Democrats in the vote of 59 to 38 in support of the bill were Republican Senators George V. Voinovich of Ohio and Susan Collins and Olympia J. Snowe of Maine.

Congressional Republicans argued that the spending cuts should be made in other federal programs to cover the costs of the measure, which Representative Kevin Brady, Republican of Texas, characterized as up to 17 months of unemployment "courtesy of the federal taxpayer."

"What unemployed workers really want are jobs and paychecks, not almost two years of unemployment checks and more debt for our country," he said.

Democrats said that many out of work Americans were unable to find jobs and that delaying what for some is their sole income in a political fight over spending was unconscionable. They say the money should be treated as an emergency expense.

"Holding unemployed Americans, hundreds of thousands of them, hostage to score what some think may be political points I think is reprehensible," said Representative Sander M. Levin, Democrat of Michigan.

Democrats hope to use the next few weeks to negotiate legislation to provide the added unemployment aid and other benefits through the end of the year so that they can avoid what has become a recurring fight over the handling of the costs of the program. The legislation also provided temporary extension of the federal flood insurance program and averted a 21 percent cut in doctor fees paid by Medicare.

Senate Restores \$18 Billion In Jobless Benefits (AP)

By Andrew Taylor, Associated Press Writer

[Associated Press](#), April 16, 2010

WASHINGTON - Congress is sending President Barack Obama an \$18 billion bill to restore unemployment benefits for people who have been out of a job for months and resume full Medicare payments to doctors threatened by a 21 percent cut.

The House cleared the bill Thursday night by a 289-112 tally taken just two hours after it emerged from the Senate on a 59-38 vote that capped an unusually partisan debate. Republicans largely chose to take a stand against the legislation for adding to the \$12.8 trillion national debt despite backing it by wide margins in December and again recently.

"It increases the deficit by \$18 billion, a cost to be paid for by future generations," said Rep. Jerry Moran, R-Kan. "This legislation is yet another unfortunate example of business as usual in our nation's capital."

But the vote comes as welcome relief to hundreds of thousands of people who lost out on the additional weeks of benefits after exhausting their state-paid benefits. They will be able to reapply for long-term unemployment benefits and receive those checks retroactively under the legislation.

Several other popular programs had also expired, including federal flood insurance, higher Medicare payment rates for doctors and generous health insurance subsidies for people who have lost their jobs.

The situation became more urgent Thursday afternoon when Medicare announced that it would start paying doctors' claims at a 21 percent lower rate. That won't be necessary now.

Thursday's measure provides up to 99 weekly unemployment checks averaging \$335 to people whose 26 weeks of state-paid benefits have run out. It's a temporary extension through June 2 that gives House and Senate Democrats time to iron out a measure to fund the program through the end of the year.

Fewer than 1 in 3 House Republicans voted for the measure. Just three Senate Republicans did. The sole Democrat to oppose it was longtime budget hawk Rep. Jim Cooper of Tennessee.

The bill also extends a program created under last year's economic stimulus bill that gives unemployed people a 65 percent subsidy on health care premiums under the so-called COBRA program.

On successive votes earlier in the day, Democrats narrowly turned back two amendments by Sen. Tom Coburn, R-Okla., that would have paid for the measure over time by cutting spending and raising almost \$10 billion in revenues with a variety of Democratic-backed ideas to tighten the tax code. One of Coburn's amendments was killed by a 50-48 vote.

The topic of providing additional weeks of jobless benefits in the midst of bad times had been regarded as routine. But with conservative voters and tea party activists up in arms about the deficit, conservative Senate Republicans upset about the deficit have twice caused interruptions of jobless benefits and other programs.

In February, Jim Bunning, R-Ky., single-handedly blocked an extension of unemployment benefits in an unsuccessful bid to force Democrats to pay for them. The measure passed on a 78-19 vote after Republicans were smacked by a public relations backlash.

But many Republicans believe it was a stand worth taking, including Coburn, who blocked a vote last month on another short-term extension.

By the time Senators returned from a two-week recess on Monday, only four Republicans - Susan Collins and Olympia Snowe of Maine, Scott Brown of Massachusetts and George Voinovich of Ohio - voted with Democrats to defeat a GOP filibuster of the bill. Only Voinovich, Collins and Snowe voted for the bill on Thursday.

Democrats said it was the wrong topic for Republicans to take a stand on the deficit after voting for tax cuts, wars and a new Medicare drug benefit without paying for them.

"They seem to have discovered fiscal responsibility when it comes time to extend unemployment benefits but not when it came to paying for tax cuts for the rich and the Iraq war," said Rep. Sander Levin, D-Mich.

Twenty-one Senate Republicans voted for the earlier extension last month and House GOP leaders opted against even forcing a vote. But Thursday's vote came after senators spent two weeks among their constituents - and as thousands of tea party activists came to Washington to protest on deadline day for filing taxes.

"I think people spent two weeks out listening to people about spending and debt," Coburn said.

The House has twice this year approved short-term extensions of jobless benefits and other expired programs.

The various programs in the longer-term legislation represent much of the Democrats' remaining agenda on job creation. One of the reasons the short-term legislation was needed is that House and Senate Democrats are having difficulty resolving their differences on how to pay for a package of expired tax breaks for individuals and businesses.

Other elements of the jobs agenda such as cash to build roads and schools and help local governments keep teachers on the payroll, remain on the shelf for a lack of money to pay for them.

Democrats said deficit-financed jobless benefits not only needed to help people unable to find work but that they are one of the most effective ways to pump up the still-struggling economy.

Congress Approves Extension Of Jobless Benefits (LAT)

The measure passes the Senate and House along partisan lines, with most Republicans opposed, and goes to Obama for signing.

By Richard Simon, 5:42 Pm Pdt, April 15, 2010

[Los Angeles Times](#), April 16, 2010

Congress approved an extension of unemployment benefits for the long-term unemployed Thursday night, ending a partisan stalemate that highlighted election-year differences over spending.

The Senate passed the \$18-billion measure 59-38, with the support of 54 Democrats, three Republicans and two independents. All but three Republicans opposed it, and three Democrats were absent.

Hours later, the House passed the bill, 289-112, sending it to President Obama for his signature.

The measure would extend jobless aid through June 2. Democrats, anxious about high unemployment in an election year, are working on separate legislation to extend benefits through the end of the year.

Benefits expired April 5 for tens of thousands of those out of work longer than 26 weeks. The issue became a dispute between the parties over whether the cost of the extension should be offset by spending cuts to keep from increasing the federal budget deficit. Most Republicans said yes, while Democrats said the unemployment situation was an emergency exempt from offsetting spending cuts.

"Our debt and deficits are as much of an emergency as unemployment, yet Congress continues to pretend it can spend and borrow without restraint," said Sen. Tom Coburn (R-Okla.).

Some 212,000 people lost benefits when Congress failed to act, but the measure would extend the aid retroactively.

"If we do not pass this bill this week, another 200,000 Americans could lose their benefits," said Sen. Max Baucus (D-Mont.).

He accused Republicans of "playing games with the lives of unemployed Americans."

"We should not balance the budget on the backs of the unemployed," Baucus said.

Republicans were eager to use the bill to show that their party has a stronger commitment to fiscal discipline. "The Democrats talk the talk but can't walk the walk when it comes to getting our nation's fiscal house in order," said Sen. Jim Bunning (R-Ky.).

But Sen. Richard J. Durbin (D-Ill.) said extending the benefits -- which average \$335 a week -- was not only the humane thing to do but would speed economic recovery by giving money to people who need it most and will spend it right away.

"I wonder when it was, if ever, that a senator tried to live on \$300 a week," Durbin said.

Sen. Olympia J. Snowe of Maine, a Republican who voted for the measure, cited the continuing economic troubles in her state, where 130 workers are losing their jobs this week with the closing of the nation's last remaining sardine cannery. Republicans George V. Voinovich of Ohio and Susan Collins of Maine also supported the measure. Democrats Evan Bayh of Indiana, Bill Nelson of Florida and Mark R. Warner of Virginia were absent.

The bill also would extend COBRA health insurance subsidies through the end of May, extend federal flood insurance and restore Medicare payments to doctors, who were about to absorb a 21% reduction in payments.

First-time claims for jobless benefits rose by 24,000 last week to a seasonally adjusted 484,000, the highest since late February

More than 11 million jobless workers are collecting some form of unemployment benefits, including nearly 5.7 million receiving extensions, according to the National Employment Law Project.

richard.simon@
latimes.com

Senate Votes To Extend Unemployment Benefits (HILL)

By J. Taylor Rushing
[The Hill](#), April 16, 2010

The Senate late Thursday approved a short-term extension of unemployment benefits, ending an impasse that had dragged on for weeks.

But the issue could come up again in less than a month. The Senate voted 59-38 to extend the benefits until May 5, when they might have to be extended again. The measure now moves to the House.

The Senate moved to a final vote after breaking a GOP procedural objection in a 60-38 vote.

The vote ended a weeks-long disagreement between Democrats, who said the bill should be considered "emergency spending" that did not have to be offset by spending cuts, and Republicans, who objected because the benefits will add to the federal deficit.

Democrats countered that Republicans had voted for funding for the Iraq war and tax cuts without offsetting those expenses with spending cuts.

Democratic Sens. Mark Warner of Virginia and Bill Nelson of Florida were absent, but three Republicans crossed the aisle, Sens. Susan Collins and Olympia Snowe of Maine and George Voinovich of Ohio.

Sen. Scott Brown of Massachusetts had also supported Democrats on a procedural vote Monday, but reversed himself and voted against the procedural motion on Thursday.

RELATED ARTICLES

Senate overwhelmingly approves resolution against VAT Both parties were unable to reach an agreement before the recent two-week congressional recess, which caused benefits to expire for 400,000 unemployed people over the past two weeks.

Although they lost Thursday's vote, Republicans said they accomplished a public-relations victory over the week by raising awareness of Democrats' spending habits.

"The vast majority of the American people want us to pay for this, and the Congress didn't," said Sen. Tom Coburn (R-Okla.), who was at the center of the debate as the lead Republican blocking the benefits.

"What does that tell you? It tells you that we're thumbing our nose again at the American people. The (debt) goes right to your kids."

Summers On Demand (WSJ)

Pay people for not working, and more people will work!

[Wall Street Journal](#), April 16, 2010

Even when we disagree with Larry Summers, we've long thought of him as a better economist than politician. But after reading his nearby letter to the editor, we may have to reverse our judgment. The senior White House aide is abandoning his former economic views to serve the Democratic Party's current political purposes.

Earlier this week, we quoted an essay by Mr. Summers published in 1999 in which he explained that unemployment insurance creates an incentive for workers to delay going back to work. The share of America's jobless out of work for 27 weeks or more reached a new record of 44.1% in March, and Mr. Summers's past writing offers one likely reason.

The paragraph we quoted followed a subhead, "What Causes Long-Term Unemployment?" Here is how the passage reads in more complete form:

"To fully understand unemployment, we must consider the causes of recorded long-term unemployment. Empirical evidence shows that two causes are welfare payments and unemployment insurance. These government assistance programs contribute to long-term unemployment in two ways.

"First, government assistance increases the measure of unemployment by prompting people who are not working to claim that they are looking for work even when they are not. The work-registration requirement for welfare recipients, for example, compels people who otherwise would not be considered part of the labor force to register as if they were a part of it. This

requirement effectively increases the measure of unemployed in the labor force even though these people are better described as nonemployed—that is, not actively looking for work. . . .

"The second way government assistance programs contribute to long-term unemployment is by providing an incentive, and the means, not to work. Each unemployed person has a 'reservation wage'—the minimum wage he or she insists on getting before accepting a job. Unemployment insurance and other social assistance programs increase that reservation wage, causing an unemployed person to remain unemployed longer."

In his letter, Mr. Summers says we took his words out of context, but readers will note that he doesn't deny that he linked jobless insurance with longer periods of joblessness. Mr. Summers skips over that point and instead resorts to that all-purpose economic explanation known as "aggregate demand." In 2010 as opposed to 1999, the harmful incentive effects of extending jobless payments to an unprecedented 99 weeks don't matter. He says the point now is to stimulate the economy by increasing consumer "demand."

This is worth parsing because it gets to the heart of what's wrong with Obamanomics. The Summers argument is that increasing unemployment insurance increases aggregate demand and thus reduces unemployment. This is because he and the neo-Keynesians believe that the impact on macroeconomic demand of this jobless spending outweighs the microeconomic harm on individual incentives.

In other words, if government pays people for not working, then more people will work. Subsidize unemployment and you will somehow get less of it. But if this were true, we could lower unemployment even more if we increased jobless benefits to \$100,000 a year per person to cause an even greater surge in demand.

More fundamentally, Mr. Summers's demand effects across the economy are illusory because every dollar the government pays to someone in jobless benefits must be taken from someone else in higher taxes or borrowing. If this income transfer means taxing a productive worker more to pay someone for not working, the economic harm far outweighs any demand benefit. If you want to know why the Obama stimulus has spent so much money for so little return in growth or job creation, this is it.

Meanwhile, consumer demand has become the White House justification for every spending program. Increase Medicaid? It's all about demand. Cash for clunkers? A \$250 check for every senior? Demand, baby.

At least when Mr. Summers and the White House made this argument to justify their stimulus spending in 2008, and again in early 2009, the economy was headed toward or already in recession. Now the economy has been growing for nine months, and even the jobs market has begun to recover, but Mr. Summers is still preaching that government must spend more on transfer payments to create consumer demand.

It's no surprise to find politics trumping honest economics in a White House, but it's still a shame to see Mr. Summers deny his earlier professional work for the sake of justifying legislation that Democrats think will score political points even as it encourages more Americans to stay out of work longer.

Don't Blame High Unemployment On The Unemployed (WSJ)

[Wall Street Journal](#), April 16, 2010

Your editorial "Incentives Not to Work" (April 13) arguing against the extension of unemployment benefits, cites out of context a passage from an article I wrote two decades ago that, when read in full, supports a quite different conclusion. The reality is that the most important economic impact of extending temporary relief through unemployment insurance is to increase consumer spending, thereby contributing to employment, not to prolong joblessness, as argued in your editorial.

A central point of my research is that even to the limited degree that unemployment insurance may affect measured unemployment, it is not necessarily because workers are searching less hard for work, but simply because survey respondents are likely to answer questions in a way that suggests they are in the labor force. It is "a great mistake," I wrote in the article cited by the Journal, "to attribute most unemployment to government interventions in the economy or to any lack of desire to work on the part of the unemployed." I also noted that "a large part of unemployment is due to demand factors rather than supply factors."

This second point is particularly relevant given the state of the labor market today. Much of my academic work on employment examined incentives under the traditional economic assumption of "full employment"—a condition in which the economy is flourishing and where nearly every person who wants a job is able to obtain one. Just as there are profoundly different macroeconomic prescriptions in a liquidity trap because of the zero bound, temporary microeconomic incentives during recovery from a severe recession should not be analyzed as if under full employment.

In the wake of the worst economic crisis in eight decades, at a time when eight million Americans have lost their jobs in the previous two years, there can be no doubt that the overwhelming cause of unemployment is economic distress, not the existence of unemployment insurance. In fact, recent analysis by the nonpartisan Congressional Budget Office identified increased aid to the unemployed as one of the two most cost-effective policy options for increasing output and employment. Not only is

unemployment insurance vital to the individual families whose lives have been turned upside down by tough economic times, it is an important tool for maintaining the aggregate demand our economy needs to establish a sustainable recovery.

Lawrence H. Summers
Director
National Economic Council
Washington

Senate Panel Says Regulators Ignored Risks At WaMu (AP)

By Daniel Wagner, AP Business Writer

[Associated Press](#), April 16, 2010

WASHINGTON - Federal bank regulators failed to stop shoddy lending and excessive risk-taking at Washington Mutual Inc. for years because they were too chummy with WaMu executives, a Senate panel says.

WaMu's primary regulator, the Office of Thrift Supervision, failed to properly oversee the bank, according to a report released Thursday by the Permanent Subcommittee on Investigations. The OTS' lax oversight led to WaMu's failure, the biggest by a U.S. bank, the report says.

"OTS' failure to act allowed Washington Mutual to engage in unsafe and unsound practices that cost borrowers their homes, led to a loss of confidence in the bank and sent hundreds of billions of dollars of toxic mortgages into the financial system," contributing to the financial crisis, the report says.

Panel chairman Sen. Carl Levin, D-Mich., says the OTS' chief, John Reich, called the bank his "biggest constituent" when preparing for a meeting with WaMu CEO Kerry Killinger.

Reich did not respond to calls for comment Thursday evening.

The panel released some findings of an investigation Thursday, in advance of a hearing it will hold Friday on regulatory oversight of WaMu. It will hear from former and current officials from OTS and the Federal Deposit Insurance Corp. Among them will be Reich, FDIC Chairman Sheila Bair and current OTS chief John Bowman.

Levin said the OTS was too forgiving with WaMu after agency regulators found glaring problems with its lending and risk management starting in 2002. He called the relationship a "clear conflict of interest," since the OTS is funded by fees from regulated banks including WaMu.

WaMu's fees accounted for 12 to 15 percent of the OTS' budget, more than any other bank's, the report says.

The OTS oversaw WaMu "on a collaborative basis, not a regulatory basis," said Levin, who chairs the Permanent Subcommittee on Investigations.

WaMu was a major player in subprime mortgages between 2002 and 2008, when it failed and the government seized it at the height of the financial crisis. The staff report says OTS recognized major problems at WaMu starting in 2002 but relied on the bank to correct the issues voluntarily. WaMu repeatedly failed to do so, but the OTS never forced a change, the report says.

Fueled by the housing boom, Washington Mutual's sales to investors of subprime mortgage securities leapt from \$2.5 billion in 2000 to \$29 billion in 2006. The 119-year-old thrift, with \$307 billion in assets, was sold for \$1.9 billion to JPMorgan Chase & Co. in a deal brokered by the FDIC.

The FDIC administers the fund that insures regular bank deposits and has backup oversight of all insured banks. The agency was critical of WaMu's practices and pressed the OTS to take tougher action, the report says. It says OTS blocked the FDIC's efforts to perform its own examinations.

A separate report issued jointly by the inspectors general of the Treasury Department and the FDIC faulted the two agencies for infighting that delayed action. But it says OTS bears more blame because it blocked the FDIC's examiner from accessing information needed to assess the bank's strength.

"OTS' supervision did not adequately ensure that WaMu corrected those problems early enough to prevent a failure of the institution," the inspectors general wrote.

Former WaMu executives and regulators criticized the OTS' oversight in interviews Thursday.

"The regulators did not possess the right technical resources or expertise to oversee the complexity of institutions" like WaMu, said Clifford Rossi, a top risk officer at WaMu in 2007 who worked at OTS in the 1990s.

As a result, Rossi said, OTS provided "by far the softest" oversight of any federal bank regulator.

Committee staff said the FDIC could have gone further in using its backup authority to conduct its own examinations of WaMu. And Levin said the two agencies engaged in "a turf war" during the summer of 2008 as the financial crisis spread.

OTS spokesman William Ruberry said the OTS has adopted the inspectors general's recommendation that it track examiners' reports more closely. He would not comment on the subcommittee findings, because he said the panel had not provided its report to the OTS.

At a hearing Tuesday, lawmakers aimed tough questions at Killinger and other former WaMu executives. Killinger rejected most of the accusations. He argued that WaMu was sold off rather than propped up by the government because it wasn't part of an elite club of Wall Street banks that he said influences the government.

Levin retorted Thursday that WaMu was part of another, equally dangerous club: Banks that chose to be regulated by the OTS to take advantage of its perceived lax oversight.

The hearings follow an 18-month investigation by the Senate Homeland Security and Governmental Affairs subcommittee. It found that WaMu's lending operations were rife with fraud, including fabricated loan documents. It also concluded that management failed to stem the deception despite internal probes.

Levin has said the panel will decide after the hearings whether to make a formal referral to the Justice Department for possible criminal prosecution. Justice, the FBI and the Securities and Exchange Commission opened investigations into Washington Mutual soon after its collapse.

Senate Panel: Lax Oversight Contributed To Washington Mutual Collapse (WP)

By Dina Elboghdady

[Washington Post](#), April 16, 2010

Botched oversight and a turf war between federal bank regulators contributed to the failure of Washington Mutual in 2008 and fueled a broader unraveling of the U.S. mortgage market, according to a Senate probe to be detailed at a hearing on Friday.

The Senate permanent subcommittee on investigations found that the Office of Thrift Supervision repeatedly reprimanded the bank for shoddy underwriting, poor risk management and erroneous borrower information from 2004 through 2008.

Yet the agency failed to take action to stop these practices, the subcommittee concluded, figuring that the Seattle-based thrift would thrive as long as it kept selling its increasingly risky loans to investors -- something it was no longer able to do after credit markets froze. In September 2008, the OTS seized WaMu in the largest bank failure in U.S. history and sold it to J.P. Morgan Chase.

Sen. Carl M. Levin (D-Mich.), the subcommittee chairman, criticized the OTS for shedding its proper "cop on the beat" role in favor of a more collaborative relationship with WaMu, once the nation's sixth-largest depository institution, which paid fees to the OTS that amounted to nearly 15 percent of the agency's budget.

The agency "stood by and did very little while all these loans flooded and poisoned" the financial system, Levin said Thursday.

The OTS also impeded efforts by the Federal Deposit Insurance Corp., another regulator, to examine Washington Mutual by denying access to FDIC examiners for nearly two months, Levin said, citing internal documents that the subcommittee collected from the OTS, the FDIC and Washington Mutual. The OTS also dismissed the FDIC's more critical view of the bank's financial soundness, Levin said.

A separate investigation by the inspectors general of the OTS and the FDIC, which is also due out Friday, reached similar conclusions about the OTS's handling of Washington Mutual.

An OTS spokesman declined to comment on the subcommittee's findings. In a written response to the report by the inspectors general, the agency said that it is "committed to strengthening its supervisory process" and that it has embraced a recommendation to keep track of whether the lenders it supervises heed corrective actions from the agency.

The inspectors general found that the OTS largely relied on the bank to track its own progress in correcting problems identified by the agency and that it ultimately cracked down on the thrift too late.

Their report also said that the FDIC, which insures bank depositors against losses, had identified risks at Washington Mutual and challenged the OTS's safety and soundness ratings of the thrift in 2008. That disagreement was not resolved until seven days before the bank's collapse.

Although the FDIC has the power to act when the OTS does not take action against a risky lender, it was hampered by an interagency agreement that required it to show that a risk existed, the report said. The logic was "circular" because it demanded that the FDIC "show a high level of risk to receive access, but FDIC needs access to information to determine an institution's risk."

The report recommended that the FDIC revisit the interagency agreement, and in a written response, FDIC Chairman Sheila C. Bair said her agency has been working with other federal regulators to modify it.

The interagency "turf warfare," as Levin described it, dated to at least 2006 and extended to the top echelons of the agencies.

"I cannot believe the continuing audacity of this woman," former OTS executive director John Reich wrote in a September 2008 e-mail to another senior official after Bair informed Washington Mutual that her agency was going to downgrade the bank before informing the OTS.

A string of earlier e-mails captures the strife at other levels of both agencies.

In a January 2006 e-mail, OTS senior official Michael Finn wrote to two members of his staff instructing them that the FDIC should not be allowed in banking examinations of a highly rated thrift like Washington Mutual, which the OTS had rated a 2 on a scale of 1 to 5. "The message was crystal clear today. Absolutely no FDIC participation on any OTS 1 and 2 rated exams," Finn said.

In an October e-mail from FDIC senior official John Carter to regional director George Doerr, Carter wrote that the "OTS must be really afraid of what we might come across, but bottom line is we need access to the information. . . . This is the second access issue that has come up on WaMu in a relatively short period of time." In another e-mail from Doerr to Carter later that month, Doerr said the OTS was not giving FDIC access to space and information. "The situation has gone from bad to worse," he said.

Other documents gathered by the subcommittee also capture simmering frustrations and a sense of helplessness among examiners and officials at both agencies during the bank's heyday.

In a May 2007 draft memo obtained by the subcommittee, OTS compliance officer Susie Clark voiced concern about the "unusual" turnover of chief compliance officers at the agency and questioned why nine managers left that job during a seven-year period.

"If you would like my opinion, just ask. (HINT: It has to do with top management not buying into the importance of compliance and turf warfare and Kerry not liking bad news," Clark wrote, in an apparent reference to Kerry Killinger, Washington Mutual's chief executive at the time.

Clark went on to describe the office that deals with regulators as "a joke." The group's purpose, she said "seems to be how can we give the regulators the bare minimum without them raising a fuss."

Spreading Around The WaMu Blame (WSJ)

By John D. Mckinnon And Dan Fitzpatrick

[Wall Street Journal](#), April 16, 2010

WASHINGTON—A turf war between federal regulators allowed Washington Mutual Inc. to ramp up risky lending and likely worsened the biggest bank failure in U.S. history, an investigation by a Senate panel concluded.

According to the Senate Permanent Subcommittee on Investigations, which Friday holds its second hearing this week on the September 2008 failure, examiners at the Office of Thrift Supervision repeatedly identified problems in the Seattle thrift's lending operations from 2003 to 2008.

But when the warnings were ignored by WaMu, the OTS failed to respond with more serious sanctions, according to the subcommittee's review of company documents, emails and interviews.

Meanwhile, the agency resisted FDIC efforts to turn up the regulatory heat, excluded the FDIC from examinations and fended off a push to lower a crucial rating of the thrift's soundness.

The FDIC was faulted by the subcommittee for failing to break the bureaucratic logjam.

Sen. Carl Levin (D., Mich.), chairman of the panel, said the OTS operated "arm in arm" with WaMu, which generated as much as 15% of the agency's budget through fees. The FDIC bears "significantly less blame" but should have acted "more aggressively," he said.

The OTS declined to comment on the findings, and a spokesman said the Senate subcommittee "refused our requests for copies of the materials." An FDIC spokesman said officials "look forward to reviewing" the information.

FDIC Chairman Sheila Bair and former OTS Director John Reich are scheduled to appear Friday before the subcommittee.

The panel's conclusions are similar to those in a report by the inspectors general of the FDIC and the Treasury, also expected to be released Friday. Those officials are likely to recommend that the OTS set up a system to track its regulatory exams, as well as whether problems uncovered by the agency are addressed. An OTS spokesman said the agency "has already adopted" the recommendation.

According to people familiar with the report, the FDIC will be asked to revise agreements it has with other regulators about access to information about troubled institutions. The FDIC said it has been working with other agencies to clarify the FDIC's

access to on-site exams at financial institutions with at least \$10 billion in assets, how much information will be shared by different banking regulators and the FDIC's access to the information.

Senate investigators said the regulatory delays at Washington Mutual likely deepened losses for shareholders and other investors. The OTS's delay in downgrading the thrift's secret regulatory rating also prevented the FDIC from collecting higher deposit-insurance premiums that should have been required from Washington Mutual before its collapse, the inspectors general suggested.

Tensions between the two agencies boiled over less than two months before Washington Mutual was seized, according to the subcommittee and people familiar with the situation.

At a meeting between the OTS, FDIC and Washington Mutual officials, Chief Executive Kerry Killinger's deputies gave a detailed presentation about the financial condition of the company, contending that the beleaguered thrift could still emerge from its deepening crisis intact.

OTS and FDIC officials had been arguing for months about Washington Mutual's regulatory rating and whether more drastic moves might be necessary. At the meeting, FDIC official John Corston said firmly that Washington Mutual should be sold, according to people familiar with the discussion.

"That is when it really deteriorated," said one former Washington Mutual executive. "It got a little heated." Mr. Reich criticized the FDIC comments as inappropriate and ended the meeting, according to several people.

"Major ill will at WaMu meeting yesterday caused by FDIC suggestion in front of WaMu management that they find a strategic partner," FDIC official David Promani wrote in an email to a colleague the next day. "Reich reportedly indicated that was totally inappropriate."

In an email, Mr. Reich acknowledged "headbutting" between "myself and Sheila Bair." In a separate email sent to another OTS official about two weeks before the failure, he wrote: "I cannot believe the continuing audacity of this woman."

The collapse of Lehman Brothers Holdings Inc. appeared to trigger a \$17 billion run on Washington Mutual by depositors, according to the subcommittee. On Sept. 18, 2008, the FDIC and OTS downgraded Washington Mutual. A week later, the OTS shuttered the thrift and the FDIC arranged its immediate sale to J.P. Morgan Chase & Co. for \$1.9 billion.

Write to John D. McKinnon at john.mckinnon@wsj.com and Dan Fitzpatrick at dan.fitzpatrick@wsj.com

Obama Makes Light Of Anti-tax Protests (AP)

By Erica Werner, Associated Press Writer

[Associated Press](#), April 16, 2010

MIAMI - President Barack Obama said Thursday he's amused by the anti-tax tea party protests that have been taking place around Tax Day.

Obama told a fundraiser in Miami that he's cut taxes, contrary to the claims of protesters.

"You would think they'd be saying thank you," he said.

At that, many in the crowd at the Adrienne Arsht Center for the Performing Arts stood and yelled, "Thank you!"

The fundraiser was one of two Obama held after a speech at Cape Canaveral on his administration's space policy. The other was hosted by Gloria and Emilio Estefan, a \$30,400-per-couple fete that stirred some controversy in the traditionally Republican Cuban-American community.

Together, the events raised \$2.5 million for the Democratic National Committee.

DNC Chairman Tim Kaine spoke before Obama and delivered a sobering assessment of the party's chances in the November midterm elections, noting that the party in power traditionally sustains losses in the midterms.

"There are a lot of prognosticators who are saying this is going to be a very tough year for the Democrats," Kaine said.

"We sort of have to assume that we're running into a headwind," Kaine said, but he contended Democrats were accustomed to being underdogs.

Obama called on Republicans and Democrats to come together to pass strong financial regulation legislation. He said every member of Congress would have to decide "between special interests and the American people."

Obama cheered the special-election victory of Florida Democratic state Sen. Ted Deutch in Tuesday's special election to replace retiring Democratic Rep. Robert Wexler. It was the first House election since passage of his controversial health care bill and Obama noted that commentators viewed the election as a referendum on that legislation or on Obama himself.

"And it was!" he said.

Obama 'Amused' By Tea Party Rallies (HILL)

By Sam Youngman

[The Hill](#), April 16, 2010

President Barack Obama struck a hyperpartisan note Thursday, telling Democrats that he was "amused" by the Tax Day Tea Party rallies.

Obama, addressing a Democratic National Committee (DNC) fundraiser in Miami, did little to endear himself to the Tea Party groups protesting around the country, saying "they should be saying thank you" because of the tax cuts he has signed into law.

The president went as far as to say that this week's special election in Florida, which was won by Democrat Ted Deutch, was portrayed by Republicans as "a referendum on healthcare, a referendum on the stimulus."

"And you know what, it was," Obama said to applause.

Obama continued to dare Republicans to run on a platform of repealing healthcare reform, telling the audience "they won't be very successful."

Despite the president's confidence, DNC Chairman Tim Kaine told the crowd that they should assume that Democrats are "running into a headwind" in the November midterms.

Kaine said Democrats, who gathered at one of two fundraisers that raised about \$2.5 million for the party, are the underdogs this year.

"You don't mind being the underdog, you don't mind running into a headwind, you don't mind an uphill race," Kaine said. "You don't mind being the underdog. Because that's what Democrats do. We are the underdogs."

Obama also continued to try to make the case that a vote against financial regulatory reform is a vote on behalf of Wall Street and against Main Street.

"Every member of Congress is soon going to have to make a decision, but the choice is going to be very simple between special interests and the American people," Obama said.

The president was returning to Washington on Thursday night.

Obama: Change Taking Hold (POL)

By Carol E. Lee

[Politico](#), April 16, 2010

MIAMI - President Obama made the case to Democrats Thursday night that the change they voted for in 2008 is "beginning to take hold," even as the chairman of the party predicted a fierce fight with Republicans in the mid-term elections this November.

Obama's 30-minute speech at a DNC fundraiser at the Arsht Center for the Performing Arts focused heavily on the economy, an issue he said Democrats can proudly run on this fall.

"One year later, we can say that the financial system is stabilized," Obama said. He touted his proposed bank fee and said while the economic stimulus bill got confused with the bank bailout signs show it is working. "The change you fought for is beginning to take hold."

Over 1,000 people attended the \$250-\$2,500 a ticket event, which followed a \$30,000-per-couple fundraiser at the house of Gloria and Emilio Estefan, which was closed to the press.

Obama challenged Republicans on financial regulatory reform, saying "every member of Congress is soon going to have to make a decision, but the choice is going to be very simple between special interests and the American people."

Obama insisted that lobbyists are already gearing up for a fight.

"It's like throwing a piece of meat in a piranha tank," he said. "They're going to race to see how fast they can tear it apart."

Obama discussed the deficit at some length, both to say he plans to bring it down and to remind the crowd that he inherited one. He even mentioned Bill Clinton by name, noting that his Democratic predecessor left a surplus for Republicans in Congress who are now criticizing Obama on the deficit.

"They immediately forget when they're in charge," he said, that they turned a massive surplus into a massive deficit.

"Suddenly we're in, and they've got the green visors out, they're sharpening their pencils, they're deficit hawks again," Obama said. "I walked in with a \$1.3 trillion deficit."

Obama cautioned Democrats not to get down on the polls and cable chatter about the success of health care reform, saying it's only been a couple weeks. He again dared Republicans to work to repeal it.

"As my vice president said, uh, this is a big deal," Obama joked. "And he was right."

Obama reserved a fair portion of his speech to hitting Republicans for playing politics and encouraging Democrats not to get caught up in the hype. Elections go in cycles, he said.

"If we stay true to our principles, if we stay true to ourselves, then elections will take care of themselves," Obama said.

Obama mentioned Democrat Ted Deutch, who won Florida's special congressional election this week, He cautioned the cheering audience that it was a Democratic district. But, he said, Republicans were yelling that the election would be a referendum on the stimulus bill, health care reform and on his presidency.

"Maybe it was," he quipped.

In introducing Obama, Kaine painted a grim picture of the next seven months.

"We sort of have to assume that we're running into a headwind, that we're running a little bit of an uphill race," Kaine said.

"And we've got to fall back on the things we do well, be smarter, working harder, being more focused on grassroots."

Obama wrapped up his remarks with his characteristic plea to be political and rise above politics at the same time.

"There are more important things than political party," he said, acknowledging that it might be "embarrassing" to make such a statement at a Democratic Party fundraiser.

Obama In Miami On Fundraising Trip (MH)

By Patricia Mazzei, Laura Figueroa And Lesley Clark

[Miami Herald](#), April 16, 2010

President Barack Obama came to Miami Thursday to flex his formidable fundraising muscle and to try to appease critics after decisions to allow oil drilling off the coast and cutting NASA upset even Democrats in Florida, a key state that played a large role in his 2008 victory.

During his fourth visit to Florida, Obama was expected to raise some \$2.5 million for the Democratic National Committee at two Miami events, a cocktail reception at the Miami Beach home of Gloria and Emilio Estefan and an appearance at the Adrienne Arsht Center for the Performing Arts in downtown Miami.

He arrived at Cape Canaveral earlier in the day, accompanied by Florida Sen. Bill Nelson, seeking to address concerns that his administration's space plans would reduce jobs on the Space Coast.

By late afternoon, he flew to Miami and reached the Miami Beach home of the Estefans, where about 100 people were expected for drinks and hors d'oeuvres.

One Cuban exile stationed herself at a designated protest area near the home, at nearby Terminal Island, in the hope Obama would see her sign that read "Libertad a Cuba."

"I hope Emilio is able to use his 15 minutes to sum up the 50 years of oppression and pain in Cuba," said Martha Figueredo, hoisting her sign. "It's a short amount of time, but I'm hoping it can lead to a great deal of change."

While the Estefans have received some criticism from the exile community, Figueredo said the meeting between the president and the notable Cuban American family should be seen as a good step.

"I'm in favor of diplomacy and intelligence," Figueredo said. "A lot more can be accomplished when people try to learn from each other, and I think that's what the president is trying to do."

Obama will head later Thursday night to the Arsht Center where he will deliver a speech to supporters who paid \$1,250 a person for tickets.

Supporters and protestors surrounded the performing arts center hours in advance. As of 4 p.m., the queue to get inside wrapped around the block.

Robert Hansen, 23, who made the four-hour trip from Orlando with Central Florida classmates, said he had been in line for two hours, but wasn't complaining.

"I'd wait all night to see Obama," Hansen said. "I support him to the fullest. He was elected for the people, not the special interests, and I want him to stay for the people."

Hansen waited in the shade alongside his mother Maryanne, a 52-year-old waitress from Port St. Lucie who attended the fundraiser to show her support of the president's comprehensive health care plan, recently signed into law.

"My employer won't cover me, but he will," she said.

Florida Democrats who campaigned for the president have been worried that the administration's plans for NASA could compromise the U.S. space program and been frustrated by Obama's plan to drill for oil and gas along Florida's Gulf Coast -- an overture to Republicans whose support Obama seeks to pass financial and energy reform.

Obama has been tapping into invigorated donors around the country in the wake of the passage of healthcare reform in Congress, legislation that Republicans have blasted but Democrats hope will help them win votes in November.

Democrats' Pick For Congress In Florida Hopes Second-time Run Is A Charm (WP)

By Al Kamen

[Washington Post](#), April 16, 2010

Attention, job-seekers! The Energy Department is looking for someone to direct the Office of Economic Impact and Diversity. (It's a Senate-confirmed job, so double-check the nanny, flush the weed, be nice to your spouse and pay your taxes.) The director, former Miami-Dade County Democratic Party chairman Joe Garcia, quit Tuesday and is back in Florida running for Congress.

Garcia sought the same seat in 2008, losing by six points to the longtime incumbent, anti-Castro Rep. Mario Diaz-Balart (R). Diaz-Balart announced in February that he was leaving to run instead in a neighboring district for a seat long held by Lincoln Diaz-Balart (R), his brother.

The Dems recruited Garcia to try again in the newly open seat, seeing it as a possible pickup. They consider it a more favorable fundraising terrain without an incumbent, and the district has been trending Democratic. While the GOP had a voter registration advantage of more than 2,000 in 2008, the Dems have about an 800-vote advantage now.

The district is one-third Cuban American, and Garcia, who once headed the anti-Castro Cuban American National Foundation, did well, Democratic strategists said, picking up about 38 percent of the Cuban American vote against the formidable Diaz-Balart. About 30 percent of the voters are strongly Democratic Hispanics -- Puerto Ricans, Colombians, Salvadorans -- and 10 percent are African American.

Republican state legislator David Rivera has already entered the race, and other GOP challengers are reported to be taking a close look at it. After all, despite the changed demographics and Garcia's decent showing in 2008, most prognosticators predict a very tough November for the Democrats in general. More full than not

Speaking of federal job openings, the Obama administration, with a hefty boost from 15 recess appointments in late March, has now filled more than 70 percent of the 522 Senate-confirmable jobs being tracked by The Washington Post's Head Count.

In addition, the administration has announced or formally nominated candidates to fill an additional 10 percent of the vacancies. Fifteen months into the administration, there are, to be sure, a number of extremely important jobs still without so much as a nominee, such as someone to head the Transportation Security Administration or to run the Office of Legal Counsel at the Justice Department. Still, nobody's home alone. Now the sorest loser

The top aide to Japanese Prime Minister Yukio Hatoyama criticized Wednesday's column for calling Hatoyama the "biggest loser" at the nuclear summit meeting in Washington, the Agence France-Presse news service reported Thursday. "It seems somewhat impolite as an expression addressing the top leader of a country," Chief Cabinet Secretary Hirofumi Hirano told reporters at a briefing. Guilty as charged.

Our item, played big in Japan, said that, unlike the winners, who got one-on-one meetings with President Obama, Hatoyama was turned down for such a meeting. Instead, he got a brief chat during Monday night's "working dinner" with the attendees. The focus reportedly was the controversial U.S. base relocation in Okinawa.

Hirano said Japan was satisfied with the meeting, even though it was "unofficial" and "lasted just 10 minutes." Actually, with translating English to Japanese and back again, we figure that amounts to about a five-minute tête-?-tête.

"The length of time does not matter," Hirano said, adding that there was an "important exchange of views" and that "it was a meaningful opportunity."

Sure. Besides, while China's Hu Jintao got 90 minutes with Obama, they probably just talked about meaningless stuff like the White Sox's chances this year. What goes up . . .

Americans are paying lower taxes this year, even with increases passed by many states to balance their budgets, the Associated Press reported Thursday, noting that Congress cut individuals' federal taxes for this year by about \$173 billion shortly after President Obama took office. That was far more than state tax increases of \$28.6 billion. But taxes are soon headed up, the AP said.

The vaunted Obama message machine, rather than ballyhoo the lower tax bite, tried to focus public opinion on -- and head off public fury about, no doubt -- the hot-button issue of NASA's future under Obama. Perhaps they'll focus on tax matters next April 15, when taxes almost surely will rise, so they can take credit for the increases. From Mass. to Mass. Ave.

Don't be surprised if Jon Kingsdale, the founding executive director of the Massachusetts Health Insurance Connector, shows up in Washington soon, our colleague Alec MacGillis reports. The connector was the agency at the heart of the state's 2006 universal-health-care law that served as the model for President Obama's health-care reform legislation. Kingsdale has been widely credited with leading the implementation of the state law -- getting people to comply with the mandate to obtain insurance and setting up the connector, a marketplace where people without employer coverage can buy insurance, much like the exchanges that will be created under the new federal law.

Kingsdale announced Thursday that he is resigning -- with a hint that he would like to help implement the national legislation. "In my next venture," he said in his resignation letter, "I hope to play some role in national healthcare reform and to continue working with each of you."

Maybe a nice rowhouse on the Hill?

Tea-Party Activists Stage Tax-Day Rallies (WSJ)

Filing Deadline Brings Out Protesters Against Big Government, Administration Policies; 'Tsunami of Conservatism'

By Neil King Jr., Douglas Belkin And Louise Radnofsky

[Wall Street Journal](#), April 16, 2010

Tea-party activists held rallies across the country Thursday, the deadline for filing federal tax returns, to highlight what they said were onerous taxes and a bloated federal government.

The activists protested Democratic policies and displayed varying attitudes toward prominent Republicans. Some groups invited marquee conservatives, such as former Republican House Speaker Newt Gingrich, who addressed around 500 people in Austin, Texas.

Other organizers refused to invite politicians of any stripe, reflecting the deep distrust many in the movement feel toward elected officials.

In Wisconsin, several tea-party groups protested a decision to let former Republican Gov. Tommy Thompson address a rally in Madison. Saying it was "time for new voices and new faces," Mr. Thompson used his speech to announce that he would not challenge Wisconsin Democratic Sen. Russ Feingold in his bid for re-election.

The rallies in town squares and hotel ballrooms from Philadelphia to San Diego came a year after a similar spate of April 15 protests put the small-government, anti-tax movement on the national map.

Organizers said Thursday's rallies were more numerous and generally larger than last year's. But the gatherings also illustrated the conflicting aims and strategies that have sprung up within the movement, which is now made up of hundreds of local groups working under a dizzying array of names.

The Tea Party Express, a group organized by a California political-consulting company, concluded a nationwide bus tour with a rally in Washington, D.C., that prominently featured-and endorsed-an array of Republican candidates in the midterm elections. Most other groups have spurned such endorsements.

One candidate endorsed by the group was Sharron Angle, a former member of the Nevada State Assembly, who is among a dozen Republicans vying to challenge Senate Majority Leader Harry Reid, a Nevada Democrat. The Tea Party Express made her one of its 14 "heroes" in the November election.

"Good morning, American patriots," Ms. Angle said in her speech to about 200 activists. "You have brought a tsunami of conservatism across this country."

In Texas, which hosted numerous rallies Thursday, some groups said politicians were not welcome on stage.

"We have a rule against politicians speaking unless we can speak back to them. We don't want political speeches," said Josh Parker, a founder of the Houston Tea Party Society, which sponsored a large rally in Houston's Discovery Green.

Mr. Gingrich briefly addressed a hotel hall in Austin packed with tea-party supporters who then peppered him for recommendations on how to promote their aims.

In an interview, Mr. Gingrich said he was impressed by the crowd. "There were a lot of good process questions on what to do with politicians that don't listen to you," he said.

He cautioned against building the movement entirely on opposition to President Barack Obama's agenda. "I emphasized why we have to be the party of yes," Mr. Gingrich said.

The former House speaker also signed a "Contract from America" drafted by activists across the country. The contract, patterned on a set of pledges that Mr. Gingrich championed in 1994, seeks to get politicians to agree to implement 10 steps to shrink government and overturn the new health-care law.

Texas Gov. Rick Perry, a Republican who has sought to tap the movement's anger at Democrats and the Obama administration, did not attend any of the day's rallies. But in a conference call with tea-party organizers, he warned against imposters trying to undermine the groups' ambitions.

In downtown Chicago, several thousand tea-party protesters showed up at Daley Plaza to cheer demands to lower taxes, repeal the new health-care law and limit Mr. Obama to a single term in the White House.

The Obama administration has waged a campaign in recent days to counter the idea that it has raised taxes on most Americans.

"The reality is that tax payments, especially by middle-class taxpayers, are down this year," said Jared Bernstein, economic adviser to Vice President Joe Biden.

Organizers in Chicago said they had received about 200 requests from speakers to address the crowd but accepted only 15, among them just three politicians, all of them Republicans challenging Democratic incumbents who voted for the health-care bill.

"We're not around to elect politicians. We're around to move our principles forward," said Steve Stevlic, a tea-party coordinator. "Our main concern is about defining a sustainable future for our children."

Handmade signs reflected a deep anger at the current administration. One sign said: "What the government gives it must first take away." Another said: "Taxed Enough Already."

Write to Neil King Jr. at neil.king@wsj.com, Douglas Belkin at doug.belkin@wsj.com and Louise Radnofsky at louise.radnofsky@dowjones.com

Obama Skips Out On Boisterous 'Tea Party' (WT)

By Joseph Curl Political Theater

[Washington Times](#), April 16, 2010

Among the thousands of "tea party" protesters that gathered Thursday at Freedom Plaza, a stone's throw from the White House, were dozens of signs directed at President Obama, some demanding "Listen To Me!" others asking "Why Can't You Hear Us?"

But the president never heard a peep from the mob of boisterous Americans, most of whom deplore the spending binge he and the Democratic Congress have been on of late. He headed to Florida to praise \$6 billion in spending for NASA, just about the time the first speaker was taking the stage in the square, which Mr. Obama can see from his back porch.

The president was scheduled to return to the White House in the dark, after another planned protest, this one by the Washington Monument, had ended.

Chuck Douty, a resident of Maryland who was holding the "Why Can't You Hear Us?" sign, didn't know Mr. Obama was not in town.

"Huh," he said when told. "That's not surprising."

Meanwhile, Vice President Joseph R. Biden Jr. also left town before the protest began, heading to Bethlehem, Pa., to celebrate a \$6 million grant of taxpayer money to a technology company as part of the Recovery Act.

But back on the president's side yard, upward of 5,000 protesters gathered to object to what they believe is a government run amok. The protest was peaceful and polite, with people carrying hundred of signs, many of them quite creative.

One featured a stack of money with googly eyes - just like the one in GEICO insurance TV commercials - and said, "This is the money you could've saved if you hadn't voted for Obama."

Another said: "If you're not outraged, you're not paying taxes."

Other signs were a bit cruel.

"Having government manage your health care is like having Michael Vick watch your dog," said one sign, referring to the NFL quarterback convicted on charges of holding illegal dog fights.

"Harry Reid Needs a Good Waterboarding," said another, referring to the Senate Democratic leader. "Perp Walk Pelosi," said a third, implying that House Speaker Nancy Pelosi was a criminal.

Dismissed by some in the mainstream media as "birthers" who don't believe Mr. Obama was born in Hawaii, another sign fed right into that stereotype.

"One Rotten Kenyan Spoiled the Whole Bunch of Democrats," it said.

The loose-knit group of grass-roots protesters appeared a bit sensitive, even defensive, about charges that it is racist and homophobic. Two congressmen, one black, one gay, said tea party protesters hurled racial and sexual epithets at them last month during a Capitol Hill demonstration against health care reform.

"Political Dissent Is Not Racism," one sign said. "Not Racist, Not Hateful, Just Sick of the Spending," said another. "It's Not About Racism, It's About Policy," said a third.

Martin Deitmer of Wheaton, Ill., held a sign that responded to plans by a group called Crash the Party to portray tea party supporters as racists, homophobes and "morons."

"Not a Racist. Not a Homophobe. A Moron? My Wife Says 'Maybe,'" the sign said.

"People have been saying those things, and I'm here to tell them we're not," Mr. Deitmer said. "You see a lot of that in mainstream media."

And the tea party supporters gathered Thursday don't like the media.

"For More Information on This Story, Avoid NBC, CBS, ABC, CNN," said a sign. "The Real Problem Is the Lapdog Media," said another. "Axis of Evil: ABC, CBS, NBC," said a third.

On this, the tea partiers aren't just being paranoid. The Big Three television networks virtually ignored the tea party surge in 2009, and so far this year have maligned the movement as teeming with racists and violent fringe supporters, according to a new report by the Media Research Center.

There was much talk of conservative darling Ronald Reagan, calls for killing the Federal Reserve and one sign that hearkened to tea party icon Sarah Palin: "Reload." A coalition of tea party groups also used the day to announce a "Contract From America," which demands a repeal of government-run health care, a balanced budget and an end to runaway government spending, as well as reform of the U.S. tax code.

But on the sun-splashed day, few protesters felt like mixing it up with detractors. When a group of about half a dozen Obama supporters marched by carrying a sign that said "The Other 95 Percent Say Thanks For Our Tax Cuts," no one harangued them. The only thing overheard was a taxi driver, who sniffed: "Six? Is that all they could get? They must not have jobs."

Still, one moment encapsulated the movement and its visceral support and opposition. After the end of the rally, a double-decker tour bus headed up Pennsylvania Avenue. About a dozen tourists sat on the top deck, basking in the sun.

About half held their thumbs up; the other half responded with thumbs down.

Seems about right.

Tea Party Activists Protest Excessive Taxation, Government Spending In D.C. (WP)

By Michael E. Ruane And Amy Gardner, Washington Post Staff Writer

[Washington Post](#), April 15, 2010

Conservative "tea party" activists streamed into the nation's capital Thursday to protest the direction of the Obama administration and rail against what they regard as excessive taxation and government spending.

In a rally at Freedom Plaza coinciding with tax day, the April 15 deadline for filing federal income tax returns, several thousand tax protesters and Obama opponents gathered Thursday morning in sun-splashed weather to cheer speakers and vent their anger at government policies.

Many carried the yellow "Don't Tread on Me" flag with a coiled rattlesnake that has become an emblem of anti-government protest.

Among those standing in the crowd were Chris and Janice Christensen, both 53, who had come to Washington from their home in Dallas to join the demonstration.

"I don't like the direction our country is going in," said Chris Christensen, an accountant. "The spending is unsustainable."

Janice Christensen said: "I don't understand how we can keep taxing, taxing, taxing. How are we going to pay for it? Where's the money going to? . . . It's dictatorship. . . . It's just un-American." She wore a straw hat with an American flag and a "Don't Tread on Me" flag.

Nearby, Jerry Johnson, 58, a lawyer from Berryville, Va., held a homemade sign depicting the United States as the Titanic striking an iceberg.

"I came here because of what I see going on in this country," he said. "We're bankrupt in America. We can't run our households like the government's running the country. That, and the idea of people [sitting] around on their butts. Fifty percent of the people collecting a check are paying no taxes, while the other fifty pull the wagon."

Johnson continued: "Normally I'm not a protester. I've got other things to do in life. I'd rather be doing all kinds of other things. But I just can't stand by and watch this country go down the tubes."

He said he "worked my way up from nothing" and was not about to allow "somebody else to reach in my pocket and just take it away and give to somebody laying on their ass."

Johnson expressed opposition to President Obama. "It's not just because he's black," he said. "I wish I could tell you that I loved this guy, that he was a great president, that I had faith in him. But I have none. Zero."

According to the National Tea Party Federation, a coalition of regional groups, "tea party" activists are holding between 1,700 and 2,000 tax-day rallies Thursday in communities nationwide.

For the Tea Party Express, a cross-country bus tour by conservative groups, Washington was the culmination of a journey that began March 27 in Searchlight, Nev., the home town of Senate Majority Leader Harry M. Reid (D). There and in Boston, where the groups held a rally Wednesday, the featured speaker was former Alaska governor Sarah Palin, a favorite of the tea party protesters.

For about 100 conservative protesters from North Carolina, the now-annual tax day tradition to demand lower taxes and smaller government began Thursday in a mall parking lot.

In Durham, N.C., two white coach buses pulled up in front of a Macy's department store just after 10 a.m. The vehicles were already nearly full, having collected protesters at a few other locations. About a dozen more climbed aboard at the shopping center, wearing flag pins, T-shirts emblazoned with the words, "We the People," and sequined baseball caps in red, white and blue.

Many of the protesters said they had never before been active in politics. All said they felt the pull to object to the direction of the country under Obama and the Democratic-controlled Congress. Health-care reform, government debt and perceived capitulation to world leaders topped the list of protesters' grievances.

Carolyn Connolly, a nurse from Person County, N.C., said she felt called to attend an anti-taxation "9/12 protest" last September. It was her first political activism, and she hasn't looked back.

"I have something driving me in the pit," Connolly said. "I'm afraid of where the country's going, afraid of what I see."

Marcus Kindley, the head of a tea party group called Informed Votes of North Carolina that is helping to coordinate the protests, arranged the two buses for activists. He said many more protesters are coming from other corners of the state and the nation -- some on buses, others in trains, planes, trucks and cars.

Aboard one of the buses, Kindley told activists he would pass out glow-in-the-dark necklaces to help them find one another at the end of the day. And then he led the bus in a prayer.

With Tax Day As Theme, Tea Party Groups Demonstrate (NYT)

By Kate Zernike

[New York Times](#), April 16, 2010

WASHINGTON - Tea Party groups used Tax Day Thursday to stage rallies around the country where they pledged to turn their nascent movement into a powerful force to root out politicians they do not consider fiscally responsible.

"We're on to them; we're on to this gangster government," Representative Michele Bachmann, Republican of Minnesota and a Tea Party favorite, told a midday rally here that was the end of the three-week cross-country Tea Party Express bus tour.

Before a crowd of a few thousand gathered on Freedom Plaza under bright sun, Ms. Bachmann urged the flag-waving crowd to "remember in November" and to make President Obama a one-term president in 2012.

"I'd say it's time for these little piggies to go home," she said.

FreedomWorks, which has become an umbrella for Tea Party groups, held a Liberty Summit on Thursday morning to train supporters in get-out-the-vote tactics and then joined other conservative organizations for an evening rally on the Mall, which 5,000 to 10,000 people attended.

The Tea Party Express, whose political action arm spent about \$350,000 to help make Scott Brown the new Republican senator from Massachusetts, released a list of seats, all Democratic, it had set its sights on in November.

On the Senate side, the list includes Harry Reid of Nevada, Arlen Specter of Pennsylvania, Blanche Lincoln of Arkansas and Barbara Boxer of California. On the House side, the group hopes to unseat members in conservative or swing districts, like Representatives Betsy Markey of Colorado, Tom Perriello and Gerald E. Connolly of Virginia and Baron P. Hill of Indiana. Also on the list are Representatives Alan Grayson of Florida, Dina Titus of Nevada and John M. Spratt Jr. of South Carolina.

While the gatherings were pegged to Tax Day, many people at them were protesting the recent passage of health care legislation, which Tea Party groups had tried to defeat. Some wore white doctors' coats with "No Obamacare" buttons; others held signs reading "Repeal the bill."

"Obama pushed through the health care bill, and the Tea Party is growing because of it," said Betty Otten, 63, who joined about 3,000 other people rallying at the California Capitol in Sacramento.

In Manhattan, about 700 demonstrators were confined behind metal barriers just outside the main Post Office on Eighth Avenue. Carrying signs reading "I am tea'ed off" and "Redistribute my work ethic," they waved American flags while a rock band urged, "You got to be a citizen again."

It appeared that the authorities had expected a larger crowd. Only about a third of a second confinement area, between West 30th and West 29th Streets, was filled, and a third was empty.

Fox News sent two of its biggest stars, Neil Cavuto and Sean Hannity, to be the hosts of hourlong programs from some of the rallies. Mr. Cavuto was in Atlanta, and Mr. Hannity was in Cincinnati. Seats beside Mr. Hannity's stage were sold for \$20 to \$100, with the money going to the Cincinnati Tea Party.

"Even after the 2010 and 2012 elections, we're going to stay on top of these issues," said Mary McCane, 54, who joined about 5,000 people rallying at the Georgia Capitol in Atlanta. "We're going to keep holding elected officials' feet to the fire."

Reporting was contributed by Malia Wollan from Sacramento, Robbie Brown from Atlanta, Janie Lorber from Washington, and C. J. Hughes and Brian Stelter from New York.

From Punchline To Powerhouse: The 'Tea Party' At One Year (CSM)

The 'tea party' movement still has much to prove. Populist movements often fizzle. But it has reinvigorated the Republican Party and constitutional ideals in an era of fading federalism.

By Patrik Jonsson, Staff Writer

[Christian Science Monitor](#), April 16, 2010

Atlanta -

A year ago, few people paid attention to "tea party" activists like Ted Oppel. Today, everybody wants a piece of him.

Pollsters, news organizations, and political scientists are studying Mr. Oppel and his fellow tea partiers as a fascinating new, and possibly radical, political subspecies. Oppel simply sees himself as an ordinary American worried about mortgaging their kids' futures to pay for liberal largess.

"A lot of people want to see what they want to see in the tea party movement," says Oppel, a military veteran who showed up to an Atlanta rally - one of scores of tea party tax day protests. "The problem for them is, it's not what they think it is."

However political scientists measure its demographics and impact, one thing the tea party has done in one short year is undeniable: thoroughly shake America's political podium. Movement has gained grudging respect

Once mostly the butt of late-night jokes, the movement has gained often grudging respect from media and even Democratic lawmakers as it has become a cultural counterweight to Washington's zag to the left under a Democratic president and Democratic Congress - all while giving Republicans, at least for the moment, a spring in their step.

"The tea party movement has achieved a prominence in the conversation in part because of the silence from the traditional elected Republican leadership, and now that leadership has been driven right by tea party rhetoric," says University of Wisconsin political scientist Charles Franklin. "That has moved the party in the tea party direction, but it can't help but also bring the tea party a little bit closer to the political mainstream."

Of course, tea party activists weren't transported in from "fly over country" - a.k.a. middle America - via a Star Trek transporter. In the 1992 election, many voted for Ross Perot. Some, like tea party activist Clark Jokl at the Atlanta event, were even disaffected Republicans who voted for Obama. Their earlier reincarnations include the Populist Party, the Know Nothings and the Sagebrush Rebels.

Such populist movements, which usually either fizzle or fold into established parties, are often fueled by "the kind of resentment that comes with powerlessness," says Fordham University political scientist Tom De Luca.

As they gathered across the country Thursday, many tea party activists say they're no longer feeling so powerless.

But their real power is still in question. Sure, activists played a role in the election of Sen. Scott Brown (R) in Massachusetts, but likely less of a role in the election of Govs. Bob McDonnell (R) in Virginia and Chris Christie (R) in New Jersey. They've pushed Republican Marco Rubio to a front-runner role in Florida against incumbent Gov. Charlie Crist, but tea party candidates in several early Texas primaries did not fare well against mainstream Republicans. Tea partiers generally well-off

Meanwhile, a bevy of new polls paint tea partiers as class-conscious, and overall wealthier and better educated than the average American.

"Looking at polling data on the early folks involved in tea party movement, you saw clusters of people with relatively less past political participation, with very strong anti-tax, anti-government views, but also very strong pro-gun rights positions," says Professor Franklin.

For many Democrats, the tea party represents a time machine trip "back to the bad old days," as Peter Gelzini of the Boston Herald recently put it.

"The latest CBS News/New York Times poll presents a picture of an aging cohort of pessimistic white folks, rattled by economic and cultural changes which have rocked their increasingly Twitter-fied, multicultural and multi-polar world (one led by a charismatic black guy who can swoosh 3 pointers with the best of them)," writes Charles Cooper at CBS News. "And their unhappiness with the verdict of the 2008 presidential election has led them down the rabbit hole." New political energy

Yet for all the tea party's faults, occasionally misspelled and outrageous signs, costume dress, and passionate protest, it nevertheless presents a rare sign of life in a moribund Washington beset with a gloomy economy, miserable jobs numbers, and the partisan approval of health-care reform - the largest new entitlement since Medicaid.

"The most sobering data that we have in here is how much significantly more energized the Republicans are - and the independents, frankly - than the Democrats," Celinda Lake of Lake Research Partners said at Thursday's Monitor Breakfast.

Atlanta protester Susan Youngblood of Auburn, Ala., says she senses a newfound curiosity from mainstream politicians and journalists as they push and prod on the tea party, trying to figure out what makes it tick - and what role it might have in the November elections.

"I don't care whether they respect us or not," says Ms. Youngblood. "Now, they know we have the votes to make a difference."

Tax Day Protesters Across Michigan Slam Government (DETN)

By Mark Hornbeck, Detroit News Lansing Bureau

[Detroit News](#), April 16, 2010

Lansing -- They showed up on the State Capitol lawn by the hundreds on Tax Day on Thursday to trash high taxes, President Barack Obama, the national health care bill, Gov. Jennifer Granholm and Congressman Bart Stupak, among others.

Organized by Americans for Prosperity, tea party supporters and myriad others were awash in April sunshine, singing patriotic songs and chanting "Take Michigan Back," "Goodbye Granholm" and "We the People."

The protest on the Capitol steps and lawn was one of many across the state, including in Traverse City, Port Huron, Hudsonville, Brighton, Sterling Heights and Royal Oak.

Gary Swartz, a 60-year-old laid-off auto worker from Hadley Township near Lapeer, said he showed up "to let the government know we're still alive. Most of the time, people like this are totally ignored by people in power. But it's a start."

Anne Lott, a 53-year-old homemaker from Beverly Hills, took her son Stefan out of sixth grade to join the rally.

"We want government officials to acknowledge us and represent us. Our voices are not being heard by the people we voted for, and that's not how America is supposed to work," she said.

Some in the crowd carried American flags and "Don't Tread on Me" banners and handed out copies of the U.S. Constitution. Others toted signs with slogans such as: "Free Markets, Not Free Loaders," "Save Our Sovereignty," "November is Coming" and "What are you drinking? Tea or Kool-Aid?"

Speeches by anti-tax activists and those in favor of limited government fired up the crowd.

"The people of the tea party movement are your neighbors, your co-workers, your family and those sitting in the pew next to you at church," said Joan Fabiano, a Michigan tea party activist. "We want to be left alone," she said and condemned "back-breaking, Draconian, American dream-killing spending and taxes."

Attorney General Mike Cox, a Republican candidate for governor, urged the crowd to shout their frustrations about tax policy to Granholm, whose working office is across the street from the Capitol.

Not everybody was selling the same message. On Capitol Avenue nearby, Progress Michigan, a left-leaning activist group, displayed a billboard bearing quotes attributed to Michiganians, including: "Did you forget we support our troops through our taxes?" and "I send my investment in my country, my state and my community every April 15 and I do it with pride."

The Michigan League for Human Services sent a statement "putting the t-word into perspective." Among the tax tidbits: "Federal income taxes on middle-income families are at historic lows... Michigan is not a high tax state. It ranks 30th in the country... Taxes pay for numerous vital services."

mhornbeck@detnews.com (313) 222-2470

Anti-Obama 'Tea Party' Activists Protest In Washington (AFP)

By Virginie Montet

[AFP](#), April 16, 2010

WASHINGTON (AFP) - More than 1,000 protesters took to the streets in Washington Thursday, branding President Barack Obama a "Marxist" who was trying to erode their freedoms and the American way of life.

In the latest demonstration by the largely Republican backed "Tea Party" movement, which has mobilized against Obama's healthcare reform and fiscal policies, protesters gathered near the White House to mark the nationwide deadline for taxes to be filed.

The Tea Party movement takes its name from a pre-American Revolution demonstration in which colonists protested taxes imposed by the British government by tossing crates of tea into the Boston Harbor.

Although former vice-presidential Republican candidate Sarah Palin has appeared at several of the movement's rallies recently, she did not attend Thursday's event in the US capital.

According to a New York Times/CBS poll published Thursday, 18 percent of Americans align themselves with the Tea Party movement. The majority are white, Republican males aged 45 or older, the survey found.

"Obamaism: assault on America!" trumpeted one banner, while another read: "Washington We Are Not Your ATM!" "When Congress is in session, no man's money is safe," said another placard.

"It's very exciting. We have every tax reform group in the country; it's a grass root movement that is growing," organizer Ken Hoagland told AFP.

"We are dissatisfied with the federal tax becoming corrupted. After today our movement will continue to grow and (...) force change at the top of our government."

While many of the protesters at Thursday's event were retirees, the demonstration also attracted younger voters from around the nation.

Dustin Ballard, 23, a garage worker from Virginia said he was protesting to show support. "I'm here to strengthen the numbers," he said. "We are spending money that we don't have."

Others baldly railed against the perceived threat to their liberty.

"Our freedom is in danger," said Helen Kelly, a retiree from Texas, declaring Obama's healthcare bill "unconstitutional."

Meanwhile, pastor David Whitney told the assembled crowd that government should have only two roles. "Every nation is under a lordship including our own. Establishing justice and defending our borders are the only legitimate functions of the government," Whitney said.

Obama's health reform and the government bail-out of banks during the recession were "in violation of the supreme law of the universe," he added.

This Week's Economist/YouGov Poll (ECON)

Economist.com, April 16, 2010

Barack Obama's approval rating remains steady at 46%, while Congress...well, no one likes Congress. Their approval rating sits at 13%.

. In the paper this week, we note that "American optimism has been pierced by doubt" as a result of the recession. This is borne out in our poll. Half the public expects the next generation of Americans to have a lower standard of living than people today. Nearly as many people say their parents had more opportunities to succeed financially as say their parents had fewer opportunities. Only 35% say the country is headed in the right direction. Older Americans are more pessimistic about what happens next, as are Southerners, Republicans and conservatives.

. The American dream of "work hard, move up" is doubted by many. Nearly two-thirds of Americans (64%) think the gap between rich and poor is increasing, and a third believe a poor person, even if he or she works hard, is not likely to earn a good standard of living.

. Up until last Friday, John Paul Stevens was relatively unknown to Americans-in a poll last year, only 1% could identify him. But this week, over half of those questioned thought they knew enough about the Supreme Court justice to have an opinion on him: 31% have a favorable opinion, 20% do not (the rest couldn't say).

. As for Mr Stevens's replacement, Americans are naturally divided: 24% favour a justice with liberal views, 26% want one with moderate views, and 28% want to see another conservative on the court. A large majority (76%) of Democrats think it is at least somewhat important to have ethnic and gender diversity on the court, while a large majority (68%) of Republicans think diversity is not very important or shouldn't be a consideration when Barack Obama makes his decision. Blacks, perhaps feeling that Clarence Thomas is not representative of their community, are much more likely than whites or Hispanics to think this is important.

. Almost three-quarters (73%) of Republicans believe Barack Obama's foreign policy has made America less safe. I'm sure a large majority of Democrats would've have said the same about George Bush, but has Mr Obama really been any less aggressive than his predecessor on most fronts?

. Perhaps it's all about mindset. For example, 46% of Republicans see Iran as an immediate and serious threat to America, compared to 11% of Democrats.

. Nearly one in five (17%) Americans don't plan on filing taxes. Are they all protesting tea partiers? Hardly-23% of Democrats will not file, compared to 7% of Republicans. Perhaps that is why a majority of Republicans feel they're paying more than their fair share.

. The idea of a value-added tax has been mulled by some Democratic policymakers, but the Democrats in our poll aren't too familiar with the concept. Republicans, on the other hand, are...and 66% of them strongly oppose the idea.

Tea Partiers Descend On D.C. (POL)

By Kenneth P. Vogel

Politico, April 16, 2010

Thousands of tea party activists descended on Washington Thursday to air a variety of demands - from the repeal of new health care legislation to the abolition of the Internal Revenue Service and a taxation system they say punishes initiative, to a

fuller embrace of Israel - even as organizers encouraged them to unite and shift their focus toward the 2010 congressional elections.

"It is great that we all come together and have these rallies," Amy Kremer of the Tea Party Express told a crowd of several thousand protestors gathered under a warm midday sun on Freedom Plaza a few blocks from the White House.

"But the real work is done outside of a rally, and if we truly want to affect change, we are going to have to get involved in the election process in these campaigns and vote true conservatives into office," she said, urging the ralliers to "put down the protest signs and pick up the campaign signs."

The midday rally was sponsored by FairTax.org, a non-profit group advocating the replacement of the federal income tax with a sales tax-based system, and Tea Party Express, a political action committee that brought speakers and entertainers to rallies during a three-week cross-country bus tour that ended Thursday in Washington.

Tea Party groups across the country also held their own rallies on Thursday, and a large rally is planned for Thursday evening on the National Mall near the Washington monument, this one organized by FreedomWorks, a small-government non-profit group chaired by former House Majority Leader Dick Armey.

Though tea partiers suffered something of a defeat when the healthcare overhaul, which had been their top issue, passed last month, speakers at the midday Washington rally, including several Republican members of Congress, proclaimed that the tea party movement had already reordered the political landscape.

As evidence, they pointed to the elections of Republicans Scott Brown to the Senate from Massachusetts and Chris Christie to the New Jersey governorship, among others, as well as the recent retirement announcement by Rep. Bart Stupak (D-Mich.), though it's questionable how much of a role tea party activists played in any of those events.

Many also pointed to reports that opponents on the left were planning to infiltrate tea parties in an effort to discredit them as evidence of their success.

Referring to recent reports about a website called CrashtheTeaParty.org - which encouraged liberals to pretend to be tea partiers, attend rallies and voice fringe sentiments to marginalize the movement (the website appears to have been stripped of its content) - Rep. Jack Kingston (R-Ga.) said he welcomed any infiltrators.

"I'm hoping that you'll learn something," he said from the stage at the FairTax/Tea Party Express rally. "And I'm hoping that you realize and come clean that the only misbehavior that you'll see at a tea party rally is caused by infiltrators and not members of the tea party."

Reports of slurs and threats of violence against Democratic members of Congress who supported the healthcare overhaul have dogged the tea party, prompting many of its top organizers to condemn them and assert that they do not represent the movement.

"I've been to five rallies and I haven't seen any of that," said Joe Figliola, a 46-year old computer project manager from Alexandria, Va., who carried a sign reading "Who is Jason Levine?" - the name of the man behind CrashtheTeaParty.org.

Some conservatives have welcomed Levine's campaign as evidence that tea partiers are not necessarily responsible for bad behavior. Beyond the now-commonplace depictions of Obama in Joker's white face over the word "Socialism," there were few if any edgy sentiments - from infiltrators or otherwise - on tee-shirts or signs at Thursday's midday rally.

But Figliola nonetheless deemed Levine's plan and any others like it a risk. "It's about risk management; you identify the risk, you quantify it and you design and implement a mitigation strategy."

Before addressing the crowd at the FairTax/Tea Party Express rally, Armey told POLITICO he believed the tea party crowds have already been infiltrated, and promised to expose any such efforts at its evening rally.

Earlier in the day, Tea Party Express held a press conference at which it unveiled a list of its targets for the 2010 midterm elections, including liberals such as Sen. Barbara Boxer (D-Calif.), and more moderate Democrats considered vulnerable, such as Sen. Blanche Lincoln (D-Ark.) and Rep. Baron Hill (D-Ind.).

Rep. Michele Bachmann (R-Minn.), a tea party hero, got some of the biggest applause at the midday rally when she denounced Obama and congressional Democrats for their plans to exert more government control over the healthcare, energy and finance industries.

"I say it's time for these little piggies to go home," she exhorted the crowd, urging them to help conservatives being targeted for defeat - including her. "We need to have your help for candidates like me. We need you to take out some of these bad guys."

'Tea Partiers' Flood Streets Of Capital (USAT)

By Kathy Kiely, Usa Today

[USA Today](#), April 16, 2010

WASHINGTON - Backers of the "Tea Party" movement marked Tax Day on Thursday by descending on the nation's capital for demonstrations and seminars in which political pragmatism vied with boiling anger against President Obama.

"He's a socialist," said Terry Oldham, a plumber from Rockville, Md. Oldham said "taxes upon taxes" drove him to join a midday rally.

In meetings before and after different rallies, veteran political strategists tried to channel the movement's energy from street theater to boiler-room organizing. The Tea Party movement, which is strongly against taxes and big government, has no national leader and is not aligned with either major party.

"We are laying the groundwork for a 2010 victory," Mark Williams of the Tea Party Express told a group of activists at the National Press Club. Sal Russo, a former aide to President Reagan, urged the Tea Party adherents to set realistic goals.

"We'd love to beat Nancy Pelosi in San Francisco, but she's too strong," Russo said of the House speaker, a Democrat. "We try to keep our focus on the doable."

A few blocks away, in the amphitheater of the government building named for Reagan, members of the Tea Party Patriots got practical advice about how to get the best news coverage for their rallies and how to lobby members of Congress. "Do I have to tell you to mind your manners?" said former House majority leader Dick Armey of Texas.

Daryn Iwicki of the Leadership Institute, a Virginia-based organization that trains conservative leaders, delivered blunt advice on the need for image improvement. "The way the media looks at us is a bunch of old white folks saying crazy things," he said.

Other speakers stoked anger.

"We're on to this gangster government," Rep. Michele Bachmann, R-Minn., told the cheering crowd at the lunchtime rally where the Tea Party Express closed out a 47-city bus tour. "We need to take out some of these guys."

Several thousand people attended an evening rally near the Washington Monument. Earlier in the day, the Associated Press estimated several thousand also rallied at Freedom Plaza, a few blocks from the White House. Anti-government fervor was spirited and on display at both.

Yellow flags bearing the slogan, "Don't tread on me," were flying high. "Impeach Obama" posters and T-shirts were spotted. One poster depicted the president as a vampire about to sink bloody fangs into the neck of a prostrate Statue of Liberty. "I fought in Vietnam to stop Communism and now I have one in the White House," another sign read.

Inside meeting rooms, activists listened to lessons in political organizing. Target lists of candidates designated for support or opposition were passed out by leaders of the Tea Party Express and FreedomWorks, a Washington-based organization that Armey heads. They discussed ways to translate fervor into action.

Among the candidates getting Tea Party support: Sharron Angle, a Republican seeking her party's nomination to run against Senate Majority Leader Harry Reid, D-Nev. "I feel a little lonely today. I usually bring Smith & Wesson along," said Angle, jabbing at the District of Columbia's gun control laws.

Participants vowed to volunteer in this fall's campaigns. "I have never been active before in my life, but this president has galvanized me," said Bob Boyd, 58. The telecommunications worker from North Brunswick, N.J., said he plans to donate time and money to defeat his congressman, Democrat Rush Holt.

Mary Nail of Cocoa Beach, Fla., said she had "gone grandma" for five years after serving on the local City Council and as an aide to former representative Dave Weldon, R-Fla. "But all of this happening has brought me back out," Nail said. "I'm very afraid of higher taxes and not being able to survive in this country."

Thousands turned out for other Tea Party events in Kentucky, Texas, Wisconsin and elsewhere across the nation.

At an Austin rally, the Associated Press reported, Jim Dillon walked through the crowd carrying an AK-47 that he said was unloaded and legal. A state trooper stopped Dillon, examined the weapon and let him continue walking with it.

Tea Party Express Announces 2010 Election Targets, Endorses Democrat (HILL)

By Eric Zimmermann And Sean J. Miller

[The Hill](#), April 16, 2010

An influential Tea Party group announced its 2010 target list Thursday, and raised a few eyebrows by endorsing a Democrat.

At a press conference in Washington, the Tea Party Express named its favorite lawmakers and candidates, as well as those officeholders they most want to see removed.

"It's a combination of rewarding our friends and punishing our enemies," said Sal Russo, chief strategist for the Tea Party Express. "We're only in races where we think we can make a difference."

The Tea Party Express endorsed a slate of Republican Senate candidates, many of whom have already established themselves as conservative darlings.

State Assemblyman Chuck DeVore (R-Calif.), former Florida House Speaker Marco Rubio (R), former Rep. Pat Toomey (R-Pa.), Kentucky Republican Rand Paul and former Nevada Assemblywoman Sharron Angle (R) all earned official nods. "They'll get some direct support from us," said Russo.

DeVore, Rubio, Paul and Angle are locked in tough primary campaigns. Angle and DeVore are both trailing significantly in polls.

The group also announced a number of Democrats they would seek to unseat. Sens. Blanche Lincoln (D-Ark.), Barbara Boxer (D-Calif.), Harry Reid (Nev.) and Arlen Specter made their way onto the group's target list, as well as the following House Democrats: Alan Grayson (Fla.), Barney Frank (Mass.), Gerry Connolly (Va.), Tom Perriello (Va.), Baron Hill (Ind.), Alan Mollohan (W.Va.), Betsey Markey, Dina Titus (Nev.) and John Spratt (S.C.).

RELATED ARTICLES

Capitol Police beef up presence due to Tea Party rally

Russo said these members voted the wrong way on the financial bailout, cap-and-trade, the stimulus and healthcare reform.

Finally, the group endorsed a slate of its favorite lawmakers, including one Democrat. "We have to be effective and influential within both political parties," Russo said. "We have to reward some Democrats that have been willing to stand with us on the tough issues."

The group is backing: Rep. Walt Minnick (D-Idaho) along with GOP Reps. Michele Bachmann (Minn.), Joe Wilson (S.C.), Marsha Blackburn (Tenn.), Tom Price (Ga.), Mike Pence (Ind.) and Tom McClintock (Calif.).

The group's PAC has some \$116,000 cash on hand, Russo added, noting it spent close to \$400,000 on TV ads in support of Sen. Scott Brown (R-Mass.) during his special election race against Democrat Martha Coakley.

This post was updated at 8:50 p.m.

Immigrant Groups Try To Steal Thunder From Tea Party (WT)

[Washington Times](#), April 16, 2010

Immigrant-rights groups sought to tap some of the "tea party" thunder Thursday by using the anti-tax-and-spending movement's nationwide protests to argue illegal immigrants must be legalized because they are eager to pay their full taxes.

But tea partiers, rallying on the day federal income-tax returns were due, didn't buy it.

The collision between two of the big political movements in America is expected to escalate heading in to this year's midterm elections as both push the political parties from different directions.

"Here there are people who don't want to pay taxes, and we're saying there are all these people who want to carry the load and we don't allow them to," said Mary Moreno, a spokeswoman for the Center for Community Change. She led a delegation that delivered five boxes of blank tax forms to a Capitol Hill office as a symbol of all the tax money left uncollected because illegal immigrants have not been legalized.

The Immigration Policy Center and the Center for American Progress, two liberal-leaning think tanks, have estimated that legalizing illegal immigrants would generate between \$4.5 billion and \$5.4 billion in tax revenues over three years.

Tea party supporters mocked the idea.

"Oh man. How do they come up with this? They won't be real Americans if they love taxes," said Rep. Steve King, an Iowa Republican who rallied with the tea partiers later in the day.

He said the IRS won't turn down any extra revenue from illegal immigrants who want to pay it now, but also doubted legalization would be a good deal for American taxpayers.

Together, the immigrant-rights groups and the tea partiers represent the two big mass political movements of the last few years.

In 2006 and 2007, immigrant-rights marches and rallies drew millions of people to the streets of major cities and helped propel an immigration bill to the Senate floor both years. Neither bill made it out of Congress, but backers say the strength of Hispanic and immigrant votes helped send President Obama to the White House.

Since Mr. Obama took office, though, the tea parties have become the political movement to watch, with rallies across the nation attracting thousands of supporters, and with lawmakers in Washington trying to figure out how to harness the movement's energy.

The two forces have even gone head to head. Last month, on the day the health care bill passed the House, tea party supporters gathered on the Capitol's West Front lawn to voice their opposition, while blocks away tens of thousands of immigrants-rights supporters held a rally to demand legalization.

But some immigrant-rights backers argue that there should be a natural point of agreement between the two groups, and they point to studies that suggest legalizing illegal immigrants would be an overall help to taxpayers.

That point is hotly debated, with studies coming down on both sides of the question. There is no doubt many illegal immigrants work off the books, but analysts debate whether the new taxes generated would compensate for a possible higher use of government aid.

Lynn Tramoto, deputy director at America's Voice, a leading immigration advocacy group, said the tea party is an outgrowth of anxiety over the government's failure to solve problems. She said if Congress could pass a bipartisan immigration bill it could show government can work.

She said polls don't show immigration being a galvanizing issue for tea party supporters, who have organized primarily around opposition to expanded government and too much spending.

Ms. Moreno said she's seen signs that anti-illegal-immigrant groups keep trying to co-opt the tea party, "but I don't think they've had much success."

Still, Mr. King, who has ties to tea party groups and is a leader on calling for a crackdown on illegal immigration, said tea partiers are more likely to come out in support of stronger border security and more immigration enforcement.

"There's a very strong conviction toward border security and the rule of law within people that have gotten newly active in the tea party. It has to be there, whether it's been voiced or not, because they are constitutionalists," he said.

Despite their differences, the two movements have shown they can turn supporters out on the streets and rally them to communicate with lawmakers. And both sides have plans to continue to do so in the run-up to this year's congressional elections.

But both sides stressed their differences.

"The right to protest is a very American right, and I think you'll see that in both the tea party movement and the immigrant reform movement. But the contrast really is about a positive outlook to the future and embracing this country, wanting to be part of this country," she said, adding that she has been struck by "how large and peaceful and patriotic and happy the immigration rallies are. It's literally families with blankets, picnics."

Mr. King noted another difference between the two movements: When they both rallied in Washington on the same day last month, the much larger immigrant-rights rally left far more trash on the nation's lawn, the National Mall.

"The tea party people leave it clean. That's not the fact with those other folks," he said.

Tax Returns: Is Obama Highest Earning President Ever? (CSM)

President and Michelle Obama earned \$5.5 million in 2009, the highest total ever reported by a presidential couple. But some of the richest presidents never released their tax returns.

By Laurent Belsie

[Christian Science Monitor](#), April 16, 2010

President and Michelle Obama earned more money last year than any other presidential couple who have released their tax returns.

Their \$5.5 million, coming largely from royalties from President Obama's books, was more than four times what George H.W. Bush earned in 1991 (\$1.3 million) and more than five times what Bill Clinton made in 1996 (\$1.1 million), according to documents amassed by the Tax History Project.

Even adjusting for inflation, the Obamas come out ahead of, say, Franklin Roosevelt, a wealthy man who earned a net income of \$82,392.57 in 1937 (\$1.2 million in 2009 dollars).

"I was a little surprised" at the Obamas earnings, says Joseph Thorndike, director of the Tax History Project, established by the nonprofit Tax Analysts publishing group in Falls Church, Va. "I guess there's money to be made in publishing."

Although President Obama is tops in known presidential earnings, he plays second fiddle to Vice President Dick Cheney, who routinely earned \$1 million-plus incomes during his years in office, including \$8.8 million in 2005. That total was reportedly inflated by the Cheneys exercising stock options set aside in 2001 for charity.

It's quite possible that other presidents have made even more, but until President Nixon there was no established custom of releasing presidential tax returns. The Roosevelt returns were released long after FDR's passing, says Mr. Thorndike.

Other potential big earners might be presidents Kennedy and Hoover, but their descendants have declined to release their tax returns.

"These guys release their returns even though they don't have to," Thorndike says. "There's a real sacrifice of privacy in releasing this.... I think that's a good thing."

Obama's Book Sales Keep Income Flush, Tax Returns Show (LAT)

The president earned \$5.5 million in 2009 and paid nearly \$1.8 million in federal taxes, according to tax returns. The Bidens report about \$333,000 in income last year.

By Peter Nicholas, April 16, 2010

[Los Angeles Times](#), April 16, 2010

Brisk book sales lifted President Obama's income to \$5.5 million in his first year in office, an amount that dwarfs that of his recent predecessors while in power and reflects the public's continued willingness to pay to read his writings.

On tax day, the White House released 2009 returns showing that the Obamas' income more than doubled from the year before. They collected \$2.7 million in 2008, and \$4.2 million in 2007.

Obama paid nearly \$1.8 million in federal taxes and \$163,000 in Illinois state taxes. Forty charities received \$329,100 from the Obamas in 2009, with the biggest chunk (\$100,000) going to the United Negro College Fund and CARE, which combats world poverty. Separately, Obama donated his \$1.4-million Nobel Peace Prize award to 10 charities. Because he asked the entire award money be sent directly to the charities, he did not have to report it as income.

The return was filed jointly by Obama and his wife, Michelle, who had no professional income in 2009, according to the White House.

Vice President Joe Biden and his wife, Jill, reported an adjusted gross income of about \$333,000 last year. They paid \$71,147 in federal taxes and \$13,897 in Delaware state taxes. The Biden family made charitable donations totaling \$4,820.

Obama wrote "Dreams From My Father" and "The Audacity of Hope," which secured his once precarious personal finances. Arriving for the Democratic National Convention in Los Angeles in 2000, his credit card was rejected when he tried to rent a car.

Obama in December recalled a difficult period when he wasn't flush.

"We're not that far removed from struggling to pay the bills," he said. "Five, six years ago, we were still paying off student loans."

peter.nicholas@latimes.com

Obamas Paid Almost \$1.8 Million In U.S. Income Tax (MCT)

By Steven Thomma, McClatchy Newspapers

[McClatchy](#), April 16, 2010

WASHINGTON - President Barack Obama and his wife Michelle made \$5.5 million last year - much of it from sales of his two books and his \$400,000 annual salary - and contributed \$329,100 of it to charities, according to tax returns released Thursday.

Their contributions to 40 charities represented nearly 6 percent of the Obamas' adjusted gross income. After deducting those and other items from their taxable income, the Obamas paid \$1,792,414 in federal income tax, about 32 percent of their income, and \$163,303 in Illinois income tax.

The president, vice president and members of Congress can pay local income taxes in their home states rather than to the District of Columbia. Obama and the vice president maintain their legal residences in Illinois and Delaware, respectively.

The taxable income didn't include the \$1.4 million that Obama won with the Nobel Peace Prize last year. Obama asked the Nobel committee to send the money directly to 10 charities and, under Internal Revenue Service rules, he didn't add the prize to his income and didn't deduct the amount given to charities from his taxable income.

Obama's charitable contributions included:

- _ \$50,000 each to CARE, an anti-poverty group, and the United Negro College Fund;
- _ \$20,000 to the Boys and Girls Clubs;
- _ \$15,000 each to the National MS Society and the Ovarian Cancer National Alliance;
- _ \$10,000 each to the American Red Cross, Greater New Orleans Foundation, Habitat for Humanity, Washington homeless shelter Miriam's Kitchen, the Mosaic Youth Theatre of Detroit, the National Coalition for Homeless Veterans and Life Pieces to Masterpieces, a group for young African-American men in Washington, D.C.

His list also included two contributions to Washington churches, \$250 to St. John's and \$200 to the 19th Street Baptist Church. Obama isn't a regular churchgoer.

Vice President Joseph Biden and his wife reported \$333,182 in adjusted gross income, much of it from his 2009 salary of \$227,300 and Jill Biden's \$42,486 as a community college instructor.

They deducted \$4,820 for contributions to charities, about 1.4 percent of his income.

A spokeswoman, Elizabeth Alexander, said that Biden also gives money to other charities as well as to the church, but does so in cash and doesn't keep the receipts he'd need to deduct those from his taxable income.

A Roman Catholic, Biden attends several churches, including ones near his home in Delaware, one in Washington, and others around the country when he's traveling, she said.

The Bidens paid \$71,147 in federal income taxes, \$12,420 in Delaware income taxes, and \$1,477 in Virginia income taxes, as that's where Jill Biden teaches.

ON THE WEB

President Obama's tax return

Vice President Biden's tax return

MORE FROM MCCLATCHY

For more McClatchy politics coverage visit

Planet Washington

Sen. Dodd accuses Republican leader of lying about his bill

GOP hopes to go from Party of No to Party of Choice

Unified by opposition to Obama, GOP still seeks a challenger

Obamas Report Earnings Of \$5.5 Million In 2009 (NYT)

By Sheryl Gay Stolberg

[New York Times](#), April 16, 2010

WASHINGTON - President Obama and his wife, Michelle, reported earnings of \$5,505,509 in 2009, more than double their 2008 income of roughly \$2.6 million, according to tax returns made public on Thursday by the White House.

Mr. and Mrs. Obama, who listed their occupations as "U.S. President," and "U.S. First Lady," reported wages, salaries and tips of \$374,460. (Mrs. Obama is unpaid.) The vast majority of the first family's income stems from sales of the president's two best-selling books, "Dreams from My Father" and "The Audacity of Hope."

The Obamas paid nearly \$1,792,414 in federal income tax, the returns show, and donated \$329,100 - nearly 6 percent of their income - to 40 charities. Their largest donations were \$50,000 contributions each to CARE, a humanitarian organization that fights global poverty, and the United Negro College Fund.

The president won \$1.4 million as the recipient of the 2009 Nobel Peace Prize, but was not required to report the money as income because he instructed the Nobel Committee to donate it directly to charity, the White House said. As a result, he was not permitted to claim the money as a charitable deduction.

The Obamas also paid \$163,303 in Illinois state income taxes.

Vice President Joseph R. Biden Jr. and his wife, Jill, reported an adjusted gross income of \$333,182 and paid more than \$71,147 in federal income taxes, \$12,420 in Delaware income taxes and \$1,477 in Virginia income taxes. The Bidens contributed \$4,820 to charity, in both monetary and in-kind donations, the White House said.

Obamas Report \$5.5 Million In Income On 2009 Tax Return (WP)

By Michael D. Shear And David Hilzenrath

[Washington Post](#), April 16, 2010

On Jan. 20, 2009, Barack Obama raised his hand and took the oath of office. It made him president, and it didn't hurt his book sales, either.

On Thursday, the White House posted online the 2009 tax return for the president and the first lady, offering a peek into the book royalty engine that continues to fuel their status as millionaires.

The first couple reported an adjusted gross income of \$5.5 million, almost all of it from royalties associated with the president's two bestsellers: the 2004 "Dreams from My Father" and the 2006 "The Audacity of Hope."

The first book -- about Obama's early life and his struggle to find a racial identity -- earned about \$3.3 million in 2009. The second, a more policy-oriented book, brought in \$2.3 million for the president and his family.

In 2008, the books together earned them \$2.6 million.

A large portion of the royalties came from sales overseas, an indication of the president's popularity abroad. The tax return indicates that \$1.6 million of the total book income was taxable in "various" foreign countries.

As president, Obama collected a salary of \$400,000, an amount that reflects an increase that took effect in 2001.

A White House official said Obama's money is not kept in a blind trust, as other presidents -- including Bill Clinton and Ronald Reagan -- have done.

The income from the books, together with money Obama inherited from his grandmother after she died in late 2008 and other income, required Obama to pay \$1.79 million in taxes.

If the president had wanted, he could have received a refund check for \$8,287 -- the amount he overpaid in estimated taxes -- but he chose to apply the refund to his 2010 taxes.

Obama's grandmother, Madelyn Dunham, left him stock in the Bank of Hawaii valued at almost \$500,000 at the time of her death in November 2008, the tax return shows. But the value of that stock plunged rapidly as the U.S. economy cratered in the first weeks of 2009. The Obamas sold the stock in early January after it had lost \$125,000 in value.

The family tax return, filed jointly, shows that the couple donated \$329,100 to 40 charities, including \$50,000 to CARE, an anti-poverty organization; \$50,000 to the United Negro College Fund; and \$20,000 to the Boys & Girls Clubs.

Not included on the tax return was the \$1.4 million award Obama received as the winner of the 2009 Nobel Peace Prize. Obama had previously announced that he was directing the entire cash award to be distributed to a variety of charities.

Officials noted that a special IRS regulation allows the recipient of a Nobel Prize to donate the award to charity without having to record it as income on a federal tax return.

The White House also made public the tax return for Vice President Biden and his wife, Jill Biden. The couple reported income of \$333,182 and paid federal taxes of \$71,147.

The Bidens contributed \$4,820 to charity, the returns show.

Bidens Below Average In Charitable Giving (WT)

By Kara Rowland And Joseph Curl

[Washington Times](#), April 16, 2010

President Obama earned big money last year and gave more than most to charity, but his second in command was a bit tight-fisted when it came to digging in his own pocket for donations.

Vice President Joseph R. Biden Jr. and his wife, Jill, earned \$333,000 in 2009, and gave \$4,820 -- 1.44 percent -- of that to charity in cash or in-kind donations, according to their newly released tax forms.

Estimates by charitable organizations show that most givers donate between 3 and 5 percent of their income.

Mr. Obama and first lady Michelle Obama exceeded that range. The first couple gave 5.9 percent -- or \$329,000 -- of their \$5.5 million of income to charity in 2009.

The Obamas' largest contributions to charity were \$50,000 to CARE, a poverty-based organization, and the United Negro College Fund. Mr. Obama also donated his \$1.4 million Nobel Prize money, which he gave to 10 charities.

The president's books, "Dreams From My Father" and "The Audacity of Hope," generated the majority of the Obamas' income.

The first couple paid nearly \$1.8 million in federal income tax and \$163,303 in Illinois income taxes.

The Bidens paid \$71,147 in federal income taxes, \$12,420 in Delaware income taxes and \$1,477 in Virginia income taxes.

Report Suggests W.Va. Mine Blast Was Preventable (AP)

[Associated Press](#), April 16, 2010

WASHINGTON - A preliminary report on last week's deadly mine explosion in West Virginia suggests the blast may have been preventable.

The report says the cause may have been a buildup of methane gas mixing with coal dust. Such explosions, according to the report, can be prevented when mine operators properly control the levels of methane and coal dust.

But it cautions that the specific cause of the blast at the Upper Big Branch mine is still being determined.

The mine saw a major spike in safety violations last year. The report says the rate of repeated serious violations was nearly 19 times the national rate.

Labor Secretary Hilda Solis presented the report to President Barack Obama and members of West Virginia's congressional delegation.

Obama Orders A Review Of Troubled Coal Mines (AP)

By Sam Hananel, Associated Press Writer

[Associated Press](#), April 16, 2010

WASHINGTON - President Barack Obama on Thursday ordered a sweeping review of coal mines with poor safety records and called on federal officials to strengthen laws "so riddled with loopholes that they allow unsafe conditions to continue."

Obama spoke after receiving a preliminary report on last week's deadly mine explosion in West Virginia that suggests the blast may have been caused by a preventable buildup of methane gas mixing with coal dust.

The report from Labor Secretary Hilda Solis and mine safety officials cautioned that the specific cause of the blast at the Upper Big Branch mine where 29 workers died is still being determined. But it raised serious concerns about a major spike in safety violations at the mine owned by Massey Energy Co.

The report says the rate of serious violations in 2009 that required mine workers to leave while immediate repairs were made was nearly 19 times the national rate.

"In short, this was a mine with a significant history of safety issues, a mine operated by a company with a history of violations, and a mine and company that (the Mine Safety and Health Administration) was watching closely," the report said.

Obama said the report showed there are far too many mines where safety is inadequate. He directed Solis to work closely with Congress to strengthen existing laws and eliminate loopholes that allow mines to evade more serious enforcement through "endless litigation."

"We need to take a hard look at our own practices and our own procedures," Obama told reporters in the Rose Garden.

While Obama conceded the government was partly at fault for the disaster, he laid most of the blame for the latest accident on the mine's owner.

"Safety violators like Massey have still been able to find ways to put their bottom line before the safety of their workers - filing endless appeals instead of paying fines and fixing safety problems," Obama said.

Massey Energy issued a statement calling Obama's remarks "regrettable" and defended its safety record.

"Massey believes in safety, accountability and responsibility," the statement said. "We seek the truth in the ongoing investigations and are cooperating with federal and state agencies to determine the cause of the tragic accident at Upper Big Branch Mine."

The statement added, "Unfortunately, some are rushing to judgment for political gain or to avoid blame."

Under the current system, mining companies can file lengthy appeals that last months or years, overwhelming government officials and delaying a finding of a pattern of violations that would lead to tougher enforcement.

Mine companies have been appealing more violations since new safety laws went into effect following the 2006 Sago Mine disaster that killed 12 workers. The increase has led to a backlog of more than 16,000 cases at the Mine Safety and Health Review Commission.

The preliminary report said Massey took advantage of the backlog by contesting most of the serious violations issued to the Upper Big Branch mine. In 2007, the mine contested 97 percent of all serious violations, the report said.

Massey claims its record of filing appeals to violations is similar to that for the industry as a whole.

Obama asked Solis to streamline the rules for proving that a mining company has committed a pattern of violations so government officials can act more quickly to prevent another accident.

The preliminary report recommends giving MSHA the power to subpoena companies to turn over information during investigations and changing federal law to make knowing violations of safety laws felonies instead of misdemeanors.

The report also takes a swipe at the Bush administration. "The policies this administration inherited make it relatively easy for operators like Massey to avoid pattern of violation status," it said.

Obama said the government would act to quickly get inspectors into mines across the nation that have troubling safety records. He also told federal mine safety officials to work closely with state counterparts to improve mine safety.

Members of West Virginia's congressional delegation who met with Solis and mine safety officials said it would take months for an investigation to reveal what caused the explosion.

West Virginia Gov. Joe Manchin on Wednesday ordered state safety officials to inspect all underground mines in the state immediately, beginning with ones that had been cited for combustion-related violations. He also ordered a one-day halt to all coal mining activity on Friday.

Associated Press writer Frederic J. Frommer contributed to this report.

Obama Orders Safety Review Of Mines (LAT)

The West Virginia coal mine blast that killed 29 prompts a study of lapses by mine companies and in federal regulators' procedures.

By Christi Parsons, 5:39 Pm Pdt, April 15, 2010

[Los Angeles Times](#), April 16, 2010

President Obama ordered top federal officials to launch a full-scale safety review of coal mines around the nation on Thursday and asked Congress to close legal loopholes that let companies "put their bottom line before the safety of their workers."

After summoning safety and labor officials to the Oval Office to answer for the recent explosion that killed 29 miners in West Virginia, Obama ordered them to examine lapses by mine companies' management -- as well as in federal regulators' procedures.

In unusually blunt criticism of the coal companies, Obama said the disaster at Montcoal, W.Va., was "first and foremost" one of management. Also to blame, he said, are actions of government regulators and laws "so riddled with loopholes that they allow unsafe conditions to continue."

Shortly after the president spoke, Massey Energy, owner of the Upper Big Branch Mine where last week's disaster occurred, released a statement calling Obama's remarks "regrettable," asserting that he is misinformed about the company's record and about the mining industry in general.

As he offered his prayers for the survivors of the Montcoal mining accident, Obama said that's not all they deserve.

"We owe them action," he said, speaking to reporters in the Rose Garden after the morning meeting. "We owe them accountability. . . . They ought to know that behind them there is a company that's doing what it takes to protect them, and a government that is looking out for their safety."

The president's directive comes as West Virginia Gov. Joe Manchin III asked all underground coal mines in his state to stop work for a full day on Friday to allow state inspectors and workers time to review safety conditions.

In 2009, under the Obama administration, the Mine Safety and Health Administration presented individual Massey mines with three Sentinels of Safety awards, which the company says is the highest number of those awards given a single company in one year. But the Upper Big Branch Mine was cited for 515 violations in 2009 and 124 so far this year, federal statistics show.

As for the backlog of violations under appeal by the company, the Massey statement said they were not out of line with the industry average.

Though Obama spoke about the culpability of mine owners, he said he didn't want to pin the blame entirely on them. Federal agencies charged with ensuring worker safety have to look at their own procedures too, he said.

After his meeting with Labor Secretary Hilda L. Solis and MSHA chief Joe Main, the president ordered a review of mines across the country. He specifically raised the possibility that the Department of Justice may have a role in correcting the problem of unchecked safety violations.

"This isn't just about a single mine; it's about all of our mines," Obama said. "The safety record at the Massey Upper Big Branch mine was troubling. And it's clear that while there are many responsible companies, far too many mines aren't doing enough to protect their workers' safety."

cparsons@tribune.com

Reviewing Mine Safety, Obama Faults Company And The Government (NYT)

By Sheryl Gay Stolberg

[New York Times](#), April 16, 2010

WASHINGTON - President Obama on Thursday ordered a fresh round of coal mine inspections and a far-reaching review of mine safety, and said the federal government was partly to blame for the explosion that claimed 29 lives at the Upper Big Branch mine in West Virginia this month.

"There's still a lot that we don't know," Mr. Obama said, during a brief appearance in the Rose Garden. "But we do know that this tragedy was triggered by a failure at the Upper Big Branch mine - a failure first and foremost of management, but also a failure of oversight and a failure of laws so riddled with loopholes that they allow unsafe conditions to continue."

Officials of the Massey Energy Company, which operates the mine, took issue with Mr. Obama, calling his comments "regrettable." The company issued a statement saying "We fear that the president has been misinformed about our record and the mining industry in general."

"Unfortunately, some are rushing to judgment for political gain or to avoid blame," the statement added.

The April 5 blast was the deadliest mining accident in the United States in four decades, and within days it became clear that the mine had previously been cited for hundreds of violations, many of them serious. Massey officials have contested many of the citations, a move that delayed their enforcement.

Meanwhile, the Mine Safety and Health Administration, the federal oversight agency, has been roundly criticized as weak and inefficient. Massey officials said Thursday that the agency had presented the company with three "Sentinels of Safety" awards in 2009, the highest number of such awards ever received by a company in a single year.

Mr. Obama ordered a review; on Thursday, before his Rose Garden appearance, he met privately with Labor Secretary Hilda Solis and top officials from the mine safety agency, who presented their preliminary findings. Their report found that the Upper Big Branch mine "experienced a significant spike in safety violations" in 2009; the mine safety agency issued 515 citations and orders at the mine that year, and 124 in 2010.

"In short, this was a mine with a significant history of safety issues," the report said, "a mine operated by a company with a history of violations, and a mine and company that M.S.H.A. was watching closely."

The review called for new authority for the mine safety agency, including changes that would make it easier to list mines as repeat offenders, grant subpoena power for its investigations and give it the ability to increase criminal penalties for violators.

In response, Mr. Obama said the government would move quickly to get more inspectors out to mines, and he directed Ms. Solis to work with Congress to strengthen federal laws and with the Justice Department to pursue leads in the investigation.

In a clear criticism of his predecessor, George W. Bush, he said that the mine safety agency had for too long been "stacked with former mine executives and industry players." Mr. Obama has installed a team of former miners and health experts, including Joseph A. Main, the agency's chief, who is a former safety official with the United Mine Workers of America. But he said the administration nonetheless needed to "take a hard look" at its own practices.

Obama Blames Company For Worst Mine Disaster In Years (AFP)

By Tangi Quemener

[AFP](#), April 16, 2010

WASHINGTON (AFP) - US President Barack Obama on Thursday blamed West Virginia mine operators for the nation's worst mining disaster in decades which left 29 dead and moved to step up safety across the key industry.

The miners were killed when an explosion ripped through the Upper Big Branch mine in Montcoal on April 5. The site is run by Massey Energy, the fourth largest coal producer in the United States.

Obama, who has ordered that all US mines with "troubling safety records" should be inspected, blamed the accident -- the deadliest in 40 years -- squarely on "a failure, first and foremost, of management, but also a failure of oversight."

"The owners responsible for conditions in their Upper Big Branch mine should be held accountable for decisions they made and preventive measures they failed to take," the US president warned.

But he also said the government had to ensure safety standards were maintained and that companies could not use loopholes in the law "to shirk their responsibilities."

Massey Energy has been hit with dozens of safety violations over the years, including 57 in March alone, and paid out 4.2 million dollars in criminal and civil fines last year.

In the weeks before the blast at the mine inspectors had found problems with the air ventilation system, reports have said.

"The safety record at the Massey Upper Big Branch Mine was troubling, and it's clear that while there are many responsible companies, far too many mines aren't doing enough to protect their workers' safety," Obama said.

"We can't eliminate chance completely from mining any more than we can from life itself, but if a tragedy can be prevented it must be prevented. That's the responsibility of mine operators and that's the responsibility of government."

Massey Energy has insisted it had a good safety record and said in a statement Thursday that it was committed to a thorough investigation. But it warned against drawing any hasty conclusions.

"As we search for answers, we must remain committed to truth and facts. A rush to judgement before the investigation is completed will benefit no one."

Obama spoke Thursday after receiving a preliminary report on the accident and on the state of mine safety nationwide from Labor Secretary Hilda Solis and Assistant Secretary for Mine Safety and Health Joe Main.

"Starting today we'll go back and take another look at mines across this country with troubling safety records and get inspectors into those mines immediately," Obama said.

Obama said he was also moving to toughen regulations and ensure better government oversight of the key industry already under pressure over environmental issues.

Coal is a vital fuel in the energy guzzling nation -- almost 45 percent of US electricity was produced by coal-burning plants in 2009.

West Virginia produces 165 million dollars of coal annually, second only to Wyoming in the west, and mining remains a vital part of many states' economies.

Obama said he was aiming to streamline the rules so that if a mining company "has committed a pattern of violations ... we can empower the mine safety agents to take essential steps to keep miners safe."

Federal prosecutors have brought two criminal complaints for safety violations at other mines run by Massey Energy.

Founded in the 1920s by the Masseys, a powerful industrial family, the group produces about 40 million tonnes of coal each year and is the biggest producer in the Appalachian mountains of West Virginia.

Last week's accident was the worst US coal mine disaster since an explosion killed 38 workers at Finley Coal Company in Kentucky in 1970.

West Virginia Governor Joe Manchin meanwhile has urged mine operators to suspend production and observe a day of mourning on Friday.

"The 'day of honor and mourning' gives the operators, miners and the state the opportunity to focus solely on mine safety, while mourning for the fallen coal miners," Manchin said.

Obama Orders Crackdown On Mines With Repeat Violations (MCT)

By Halimah Abdullah, McClatchy Newspapers

[McClatchy](#), April 16, 2010

WASHINGTON - President Barack Obama directed federal mine health and safety officials to crack down on mines with a pattern of serious safety violations Thursday.

The announcement of the sweeping review of mine safety comes on the heels of last week's explosion at the Upper Big Branch mine in Montcoal, W. Va. The blast, which killed 29 miners, is the deadliest U.S. mining accident in four decades.

Obama met with Secretary of Labor Hilda Solis and Mine Safety and Health Administrator Joe Main Thursday to discuss their initial assessment of the cause and what actions could prevent further mining tragedies. Obama characterized the findings as troubling and noted that the West Virginia mine explosion was triggered by a failure of the Upper Big Branch Mine owner Massey Energy to maintain safe conditions and a "failure of laws so riddled with loopholes" that dangerous conditions weren't properly flagged and corrected.

"This isn't just about a single mine. It's about all of our mines. The safety record at the Massey Upper Big Branch mine was troubling. And it's clear that while there are many responsible companies, far too many mines aren't doing enough to protect their workers' safety," Obama said after Thursday's meeting.

Pushback from mining companies against tougher safety sanctions has created a backlog of cases, clogged the appeals process and - in some instances - allowed operators to delay paying hefty fines. Mine safety advocates worry that the backlog of cases will undermine the 2006 Mine Improvement and New Emergency Response Act, which is largely credited for improved safety provisions and a general reduction of the number of miners who die on the job.

The president is directing the Department of Labor to look at mines with troubling safety records and is asking Solis and Main to work with Congress to strengthen laws and close loopholes which allow safety violators to put the bottom line ahead of safety, the president said. The administration will also focus on streamlining and winnowing down the endless appeals which has created a backlog of mine violations.

The Mine Safety and Health Administration also will face greater scrutiny. For years, the agency's top levels were filled with former mine executives and mine operators, the president and mine safety advocates said.

The selection of Main, the retired longtime safety and health administrator for the United Mine Workers of America to head MSHA, drew praise from safety advocates and criticism from the coal industry last year and signaled a dramatic shift from his predecessor on mine safety issues.

"I think (the renewed push for safety) is a good thing for coal miners because it shows the president is interested in their health and safety and I assume he wants DOL and MSHA to be held accountable," said Tony Oppengard, a Kentucky lawyer and mining safety advocate. "Too often under the Bush administration the whole mission was distorted run by mine bureaucrats or someone who knew nothing about mine safety."

To create lasting changes, however, the current administration must do more than hold high profile press conferences and call for congressional hearings, mine safety experts said. MSHA must increase the number of annual inspections, be given the power to subpoena investigate when recurrent problems are discovered and laws designed to penalize repeat safety offenders and shut down operations must be enforced, Oppengard said.

Massey was fined \$2.5 million last year after pleading guilty to 10 criminal violations at its Aracoma Coal Co. mine in West Virginia, where two miners died in a 2006 fire. A coal slurry spill in eastern Kentucky 10 years ago resulted in a \$20 million fine for Massey for violating the Clean Water Act.

A federal report released days before the West Virginia mine explosion found that MSHA has failed to properly train veteran inspectors, even as the agency added hundreds of new inspectors to its ranks since 2006.

"To a degree we're always fighting yesterday's battle we're talking about implementing yesterday's regulations in response to a disaster instead of proactive," said Eric Snyder, a Charleston, W. Va. Based attorney who represents coal miners. "We should be looking forward and thinking about where the next disaster could come from and where the holes in our regulation come from."

MORE FROM MCCLATCHY

Obama, mine safety head to discuss West Virginia disaster

Mines still haven't adopted safety measures from earlier disasters

EPA proposes blocking West Virginia mountaintop mine

After review, scientists urge end to mountaintop mining

Obama's energy policy: more corn ethanol, clean coal

GAO: Coal industry debris filling eastern Kentucky hollows

Troubles Mount For Former Car Czar (WSJ)

By Peter Lattman

[Wall Street Journal](#), April 16, 2010

Steven Rattner, the famed Wall Street deal maker and former Obama administration car czar, came under fire from his long-time business partners for what they called "unethical" efforts to win a \$100 million investment for their private-equity firm, Quadrangle Group.

Quadrangle made the accusations against Mr. Rattner as part of a settlement with the New York Attorney General and the Securities and Exchange Commission, in which the firm agreed to pay a \$12 million fine to settle civil charges concerning its 2004 effort to win business from the New York State pension fund, one of the nation's largest.

Quadrangle was accused of improperly paying off a political operative and helping the brother of a pension-fund official distribute "Chooch," a low-budget comedy about hapless Italian-American buddies getting into trouble on vacation in Mexico. No current Quadrangle employees were involved in the allegations, and the firm has cooperated fully in the probe.

The matter has cast a cloud over Mr. Rattner, who returned to New York last summer after a five-month stint in Washington leading the Obama administration's restructuring of the U.S. auto industry. It has also been an albatross for New York-based Quadrangle, which now puts this case behind it as it prepares for its annual investor meeting next week.

New York's "pay to play" probe has since spilled into other states. Authorities in California and New Mexico are probing the investment activities of public funds there.

Mr. Rattner, 57 years old, is one of the most prominent individuals to figure in the probe. He remains under investigation and has been in settlement talks with both the office of New York Attorney General Andrew Cuomo and the SEC over his role in the case, according to people familiar with the case. He hasn't been accused of wrongdoing.

Mr. Rattner's lawyer, Jamie Gorelick, said in a statement: "Mr. Rattner does not agree with the characterization of events released today, including those contained in Quadrangle's statement."

The harsh words from his ex-partners at Quadrangle show the bitter split within the high-profile New York private-equity firm Mr. Rattner co-founded a decade ago. "We wholly disavow the conduct engaged in by Steve Rattner," the firm said in its statement, which was included as part of the New York Attorney General's press release.

Mr. Rattner left the firm in February 2009 to become car czar as Quadrangle was struggling through the depths of the financial crisis and dealing with the government investigation.

The developments are the latest in a three-year investigation into alleged kickbacks paid by money-management firms to secure investments from the New York state pension fund. A number of large private-equity funds, including the Carlyle Group, have made settlement payments related to the probe.

The regulators' concern: The pension fund's choice of money managers was guided by improper influence-peddling rather than merit.

The probe concerns whether people with ties to New York State's pension fund pressured money managers like Mr. Rattner to pay kickbacks to win business from the now-\$129 billion fund. The investigation has led to six guilty pleas.

The SEC complaint, which was filed Thursday alongside the settlement, offered a detailed picture of the role Mr. Rattner allegedly played in trying to win the pension fund's business. The complaint refers to a former senior executive at Quadrangle who people familiar with the matter say is Mr. Rattner.

It chronicled his effort to secure a DVD distribution deal for "Chooch," a movie produced by the brother of a top pension-fund official.

Mr. Rattner allegedly pressed a Quadrangle-owned company to cut a deal for the film even though the company's chief executive was inclined "to take a pass," according to the SEC court filing.

Mr. Rattner also allegedly arranged for Quadrangle to pay about \$1 million to a political operative to help the firm secure a \$100 million investment from the pension fund, according to court filings.

Mr. Rattner's name first surfaced in the investigation a year ago after Mr. Cuomo's office and the SEC filed charges against the former chief investment officer of the pension fund and Hank Morris, a top political consultant to the fund's controller.

Authorities alleged that executives paid millions of dollars in improper finder's fees to Mr. Morris and others to become eligible for the pension fund's business.

Charges are pending against Mr. Morris, who through his lawyer has maintained his innocence.

On Thursday, New York State Comptroller Thomas DiNapoli expressed outrage at the allegations of misconduct at the state pension fund.

"I inherited a mess," he said. "I have thoroughly and methodically evaluated and reformed the operations and investment policies of the Pension Fund."

Mr. Rattner's interactions with Mr. Morris, whom he knew through Democratic political circles, are under scrutiny in the case.

According to the SEC's complaint, at Mr. Morris's urging, Mr. Rattner tried to help the brother of David Loglisci, the former chief investment officer of the New York fund, produce "Chooch."

First, Mr. Rattner allegedly tried, unsuccessfully, to help secure a theatrical distribution deal. A year later, Mr. Rattner sought to arrange a DVD distribution deal through GT Brands, a Quadrangle-controlled media company. The chief executive of GT Brands emailed Mr. Rattner and told him he was inclined to "take a pass" on distributing Chooch on DVD, according to the complaint.

Mr. Loglisci's brother allegedly complained to Mr. Rattner, who in turn warned the GT Brands CEO to treat Mr. Loglisci's sibling "carefully" because Quadrangle was trying to obtain a pension-fund investment, says the complaint. This allegedly resulted in another meeting between GT Brands and Mr. Loglisci's brother, although it still didn't result in a distribution deal.

At that point, Mr. Rattner instructed the CEO of GT Brands to "dance along" with Mr. Loglisci's brother while Mr. Rattner determined whether Quadrangle "needed" to do a distribution deal to get an investment from the pension fund, according to the SEC. GT Brands eventually offered to manufacture and distribute the "Chooch" DVD at a discount to the company's typical fee, an arrangement approved by Mr. Rattner, the complaint says.

Several weeks later, Mr. Rattner was informed by Mr. Loglisci that Quadrangle was to receive a \$100 million investment from the pension fund, the SEC says. Quadrangle paid Mr. Morris the \$1 million finder's fee.

Mr. Loglisci pleaded guilty last month to a felony charge and is cooperating in the case.

He admitted that he had "effectively ceded" his authority over the fund's private-equity investment decisions to Mr. Morris, a former top New York political adviser.

Since the departure of Mr. Rattner, who had ambitions to build Quadrangle into a global asset-management firm, the firm has retrenched and now solely focuses on its private-equity funds, which have recovered substantially over the past year. The firm has either shut down or spun out ancillary businesses.

New York City Mayor Michael Bloomberg, one of Mr. Rattner's closest friends, recently shifted roughly \$5 billion from Quadrangle into a new investment firm managed by former Quadrangle employees not involved in the allegations.

A spokesman for Mr. Bloomberg has said his decision to shift his assets had nothing to do with the probe.

Write to Peter Lattman at peter.lattman@wsj.com

White House Complains About CBS News Blog Post Saying That Possible Supreme Court Nominee Is Gay (WP)

By Howard Kurtz, Washington Post Staff Writer

[Washington Post](#), April 16, 2010

The White House ripped CBS News on Thursday for publishing an online column by a blogger who made assertions about the sexual orientation of Solicitor General Elena Kagan, widely viewed as a leading candidate for the Supreme Court.

Ben Domenech, a former Bush administration aide and Republican Senate staffer, wrote that President Obama would "please" much of his base by picking the "first openly gay justice." An administration official, who asked not to be identified discussing personal matters, said Kagan is not a lesbian.

CBS initially refused to pull the posting, prompting Anita Dunn, a former White House communications director who is working with the administration on the high court vacancy, to say: "The fact that they've chosen to become enablers of people posting lies on their site tells us where the journalistic standards of CBS are in 2010." She said the network was giving a platform to a blogger "with a history of plagiarism" who was "applying old stereotypes to single women with successful careers."

The network deleted the posting Thursday night after Domenech said he was merely repeating a rumor. The flare-up underscores how quickly the battle over a Supreme Court nominee -- or even a potential nominee -- can turn searingly personal. Most major news organizations have policies against "outing" gays or reporting on the sex lives of public officials unless they are related to their public duties.

A White House spokesman, Ben LaBolt, said he complained to CBS because the column "made false charges." Domenech later added an update to the post: "I have to correct my text here to say that Kagan is apparently still closeted -- odd, because her female partner is rather well known in Harvard circles."

CBS executives at first defended the column, noting that it appeared in an opinion section that contains contributions from blogs and publications on the left and right.

Dan Farber, editor in chief of CBSNews.com, said that Domenech's column "just got through our filters" and that if his staff had seen "a controversial statement like that, we'd want to get more evidence of its accuracy" before publishing it. "But once it is out there," Farber said, "the better approach is just to address it head-on rather than trying to sweep it under the rug."

He changed his mind about yanking the column after receiving an e-mail from Domenech, which the blogger also sent to The Washington Post. Farber said in a statement that "after looking at the facts we determined that it was nothing but pure and irresponsible speculation on the blogger's part."

"I offer my sincere apologies to Ms. Kagan if she is offended at all by my repetition of a Harvard rumor in a speculative blog post," Domenech said. CBS initially added that statement to an editor's note that also reported the White House denial.

In his e-mail, Domenech said that the naming of an openly gay justice would show "how far we've come as a society" and that this "will be an issue of political discussion, whether we like it or not."

Domenech is editor of a year-old Web site called the New Ledger, from which the CBS column was reprinted. He is also editor of the City, a religion-oriented publication of Houston Baptist University.

The Post's Web site briefly hired Domenech as a conservative blogger in 2006. He resigned three days after his debut after a flurry of plagiarism allegations that were trumpeted by liberal Web sites. The sites found signs of plagiarism in a movie review he wrote for National Review Online and, earlier, in his writing for the College of William & Mary's student newspaper.

Domenech maintained that he did not knowingly use other people's writing without attribution but said the "firestorm" had "reached the point where there's nothing I can really do to defend myself."

Rumors invariably raise a difficult journalistic choice: whether to report on them and give them credence, or withhold them and fail to acknowledge what insiders are discussing. Marc Ambinder, a blogger for the Atlantic, wrote Monday about what he called "a baffling whisper campaign" about Kagan "among both gay rights activists and social conservatives. . . .

"So pervasive are these rumors that two senior administration officials I spoke with this weekend acknowledged hearing about them and did not know whether they were true. . . . Why is she the subject of these rumors? Who's behind them?"

Supreme Imbalance: Court Leans Heavy On Harvard And Yale (MCT)

By Margaret Talev, McClatchy Newspapers

[McClatchy](#), April 16, 2010

WASHINGTON - There are about 1.2 million lawyers in the U.S. They learned their craft at 200 American Bar Association-approved law schools, of which the top 20 or so are the most competitive, all with top-notch professors and students.

When Justice John Paul Stevens retires this summer, however, the eight remaining members of the Supreme Court - the top arbiter of U.S. law and a check and balance on the White House and Congress - will be comprised entirely of legal minds trained at two law schools, Harvard and Yale.

(Justice Ruth Bader Ginsburg earned her law degree from Columbia, another Ivy League school - but only because she left Harvard Law after two years to follow her husband to New York for her final year of study.)

This Harvard-Yale predominance at the pinnacle of justice gives President Barack Obama yet another wrinkle to consider when seeking the best replacement for liberal anchor Stevens, in addition to experience, intellect, age, record, confirmability, gender, race, religion and geographic diversity.

Obama is a Harvard Law graduate, but he also promised to change how Washington works and to bring a greater diversity of Americans into the power structure.

Stevens attended Northwestern, in Chicago, now ranked 11th by U.S. News & World Report. The other seven justices, despite their diverse personal backgrounds, all earned their law degrees from Yale, now ranked No. 1, or from Harvard, No. 2.

Last year, for his first high-court nominee, Obama chose Sonia Sotomayor, a Yale Law grad with an up-by-the-bootstraps life story.

What will guide his decision this time?

Insiders think that Solicitor General Elena Kagan, a Harvard Law alum and former dean there, is Obama's most likely pick. She's well respected, with top credentials. She survived the confirmation process to her current post. She's not been a judge, so she has no rulings to attack. Her stance supporting indefinite detention of terrorism suspects might help make her more palatable to Republican senators.

Most other names on Obama's list also studied law at Harvard or Yale, but not all.

Homeland Security Secretary Janet Napolitano, a former Arizona governor and attorney general, earned her J.D. from the University of Virginia (No. 10).

Diane Wood, a federal appeals judge for the Seventh Circuit, earned her law degree from the University of Texas at Austin (No. 15)

Leah Ward Sears, former chief justice of the Georgia Supreme Court, earned her law degree from Emory (No. 22) and a Master of Laws from the University of Virginia.

Sidney Thomas, a federal appeals judge for the Ninth Circuit, earned his J.D. from the University of Montana (No. U.S. News ranking; Tier 3 school).

The White House declined to comment on this topic.

Sheldon Goldman, a political science professor at the University of Massachusetts at Amherst and an expert on the federal judiciary, doesn't consider the Yale-Harvard predominance on the high court a problem.

"One would expect the top legal minds of the country to have gone to the very best law schools," Goldman said. He called the concentration of justices from Harvard and Yale, as opposed to other top law schools, "somewhat of a coincidence."

"I can't buy that a Harvard or a Yale is so parochial that the people coming out have a narrow vision," he said. "If that were the case, we wouldn't have such a sharply polarized Supreme Court."

However, Jonathan Turley, a liberal law scholar at George Washington University (No. 20), disagrees.

Turley said the near-exclusive reliance on Harvard and Yale law grads is "perfectly absurd. . . . You're voiding a wide array of interesting and potentially brilliant nominees. It's like insisting you're only going to read books by two authors."

Turley calls the culture of the current court "remarkably inbred. You're taking justices from the same small educational pools, and those justices are reinforcing that same limited population pool in the selection of their clerks. There are certain dangers in small population pools. They tend to replicate the same types of thinking.

"More importantly, the United States has the deepest pool of lawyers and judges in the world. We have a remarkable number of extraordinary law schools."

Academic rankings of the top 20 law schools are "not only narrow but narrowing," Turley said. In addition, he said, U.S. history shows that some of the court's most important justices lacked academic pedigree, while many who had coveted Ivy credentials "were complete zeroes."

Ask Turley who he'd like to see Obama name to the court, however, and he'll tell you that he has two favorites: Wood, who studied law in Texas, and Harold Koh, a former Yale Law dean with a Harvard Law degree who's now advising the State Department.

Paul Mahoney, the dean of the law school at the University of Virginia (and a Yale Law grad), said the Supreme Court should be a meritocracy and that Obama should choose "someone who is intellectually up to the challenge. But that could as easily be someone from the University of Virginia or another law school."

Justice Scalia famously told American University law students last year that one of his best clerks was Jeff Sutton, now a federal appellate judge, but that Scalia never would have chosen Sutton because he'd studied law at Ohio State (No. 34). Scalia inherited Sutton when another justice retired.

Alan Michaels, the dean of Ohio State's Moritz College of Law, earned a bachelor's from Harvard and a law degree from Columbia. He suggested that expanding the selection pools for clerks to the high court could make a difference over time in the institutional diversity of lawyers who later find a path to the Supreme Court.

However, Michaels said he doesn't think that institutional diversity should trump other considerations about the mix on the high court. He said gender, race, ethnicity and diversity of practice are key.

However, "being at Ohio State for 15 years, the best students we have are the equals of the top students I encountered at Harvard and Columbia," he said. "It's easy to use the institutions as a proxy," he said of the top-rated Ivy League schools. "It's safe."

Looking beyond those schools may require more effort, he said, but it's worthwhile.

ON THE WEB

U.S. News & World Report's ranking of law schools

MORE FROM MCCLATCHY

Follow the latest legal news at McClatchy's Suits & Sentences

With Stevens departure, a judicial era passes

Stevens' retirement sets up battle over Supreme Court choice

Last year's Supreme Court finalists, rise to top of Obama's list

Follow the latest politics news at McClatchy's Planet Washington

Despite GOP Protests, Dems To Move Forward On Liu Nomination (HILL)

By Susan Crabtree

[The Hill](#), April 16, 2010

A senior Senate Republican wants to postpone a Friday hearing on a controversial judicial nominee, but Democrats have rejected the request.

Sen. Jeff Sessions (R-Ala.), the ranking member on the Judiciary Committee, called for another delay of the hearing to consider the nomination of Goodwin Liu to the 9th Circuit U.S. Court of Appeals.

Sessions said Liu, a University of California at Berkeley law professor, had failed to disclose nine more items consisting mainly of speeches and presentations on his original Senate questionnaire. Republicans, Sessions said, are seeking more time to look over the new material so they would be fully prepared to question Liu. The panel received the new items Wednesday night.

"We just feel this is rushing a little bit," Sessions told reporters Thursday afternoon, "particularly because this is such a significant nomination."

A spokeswoman for Judiciary Committee Chairman Patrick Leahy (D-Vt.) said the hearing would proceed as scheduled, noting that it had already been postponed twice at the behest of Republicans.

Sessions did not rule out a possible filibuster of Liu's nomination on the floor, saying only that he had not decided yet whether Liu's omissions and background created met the "extraordinary circumstance" standard that warranted blocking consideration of his nomination on the Senate floor.

Even before Supreme Court Justice John Paul Stevens announced his retirement, conservatives and liberals alike were viewing Liu's confirmation as a test case for President Barack Obama's judicial nominations. A graduate of Stanford University and Yale Law School, Liu clerked for Justice Ruth Bader Ginsburg, worked in the Clinton administration and has become an outspoken advocate of liberal causes, including same-sex marriage and affirmative action.

Last week, all seven Republican members of the Judiciary Committee asked for a delay in Liu's hearing in the light of the earlier discovery of 117 omitted items from Liu's questionnaire. Liu's failure to respond fully had jeopardized his nomination, they said in a letter sent Tuesday to Leahy.

Leahy said none of the new information Liu provided is controversial enough to "disqualify him from serious consideration" especially because it mainly consisted of "event announcements and descriptions, agendas from third-party organizations and publicly available news articles."

"We want to look through all of these writings and speeches," Sessions explained. "He's just 39 -- he's never practiced law or tried a case. All we have to research are these speeches and interviews he's given."

The latest information Liu provided the committee Wednesday night included an article in Berkeley law school's publication, media interviews, appearances and comments at symposiums, clubs and forums. The material included a July 23, 2007 radio interview on the Supreme Court's decision in a Seattle schools case in which Liu was critical of Chief Justice John Roberts' position. In another 2006 radio interview, Liu was asked about his stance on partial-birth abortion and President Barack Obama's "empathy standard" for federal judges.

Sessions attributed the "sloppy" report to how quickly his hearing had been scheduled after Obama nominated him, just 16 days after his nomination while the average time from the nomination to hearing for President George W. Bush's circuit nominees was 179 days.

The Alabama Republican also questioned the timing of the hearing on a Friday when the Senate is not expected to be voting and many senators will not be in the upper chamber.

GOP Pushes Liu Confirmation Delay (POL)

By Kasie Hunt

[Politico](#), April 16, 2010

Senate Republicans are pushing for another delay in the confirmation hearing of Goodwin Liu, one of President Barack Obama's most controversial judicial nominees, after Liu had to send even more missing documents to the Judiciary Committee this week.

Liu's hearing, set for Friday, has become a test case because he's seen as a possible future Supreme Court nominee-and with a Court vacancy looming, conservatives who believe he's too liberal for the federal bench see the hearing as an opportunity to flex their political muscle.

Senate Judiciary Chairman Patrick Leahy (D-Vt.) rejected the call for a delay and announced Thursday evening the hearing was going on as scheduled Friday morning.

"The concern here is whether this reflects President Obama's view of what a good judge is," said Sen. Jeff Sessions (R-Ala.), the top Republican on the Senate Judiciary Committee.

Liu's liberal views on affirmative action, school busing and the Constitution as a "living document" have drawn intense support from the left and aggressive opposition from Republicans.

In the latest push to delay his confirmation, Republicans say they asked the Justice Department about a list of previously unnoticed documents and received an additional nine documents from the administration late Tuesday night.

"There is now a serious question as to whether Professor Liu has approached this process with the degree of candor and respect required of nominees who come before the committee," Sessions wrote to Senate Leahy on Thursday. "We can no longer extend him the benefit of the doubt that these substantial omissions-in which several of his more extreme statements appear-were a mere oversight."

But Sessions stopped short of saying he would try to prevent an up-or-down vote on Liu's nomination if the committee approves him. "I'm reluctant to filibuster," he said, and will base his decision on the standard set by the so-called Gang of 14. During the Bush administration, that group of moderate senators agreed filibusters of judicial nominees were not appropriate except under "extraordinary circumstances."

The nine documents released this week are a series of speeches and press interviews. In one, a 2006 speech to the Oakland Rotary Club, Liu argued that "government action is often necessary to make liberty meaningful and real."

"We are accustomed to thinking of liberty in opposition to government action," Liu wrote, but "liberty has two faces."

Republicans also pushed to delay the hearing after Liu sent an additional 117 documents to the committee on April 5, but Leahy rejected their request. Sen. Dianne Feinstein (D-Calif.) is set to chair Friday's hearing.

Feinstein defended Democrats' decision to push forward with the hearing, arguing that many of former President Bush's judicial nominees provided far less information than Liu already has.

If his nomination is approved by the Judiciary Committee, liberal groups will be watching to see how quickly he reaches the Senate floor. While Senate Democrats say they plan to launch a push to approve the 22 judicial nominees currently awaiting a vote on the Senate floor, they are likely to start with uncontroversial picks.

Senate Votes Against A Value-added Tax (WT)

By Stephen Dinan

[Washington Times](#), April 16, 2010

Senators voted overwhelming Thursday to say they don't want to create a new value-added tax, or VAT, in a vote designed to take the wind out of an idea that had been circulating among policymakers for the last several weeks.

The 85-13 vote against a VAT was nonbinding, but it did put one chamber of Congress on record in opposition to adding the new tax just weeks before the first meeting of President Obama's debt commission, which is supposed to report back this year on how to bring the country's finances under control.

Six senators are part of that commission, and all six voted against a VAT, a type of consumption tax that's been adopted in Europe. If all six senators remain consistent in their opposition, it means a VAT could not be part of the commission's plans, because the president's rules say that any recommendations need support of 14 of the 18 members on the panel.

"I do not myself favor a value-added tax," said Sen. Max Baucus, Montana Democrat, chairman of the Senate Finance Committee and one of the debt commissioners.

Sen. John McCain, the Arizona Republican called for the vote, saying the danger in a VAT is that it is a hidden tax, built into the price of most products, and so consumers aren't as aware the government has taken a share of the money.

"The middle class is where the real money is, and the only way to get more of it with the least political pain is through a broad-based consumption tax such as VAT," said Mr. McCain, who insisted on having a recorded vote to make all senators show where they stood.

The VAT vote came as an amendment to the bill to resume unemployment benefits for those who have been jobless the longest. The unemployment bill passed 59-38, overcoming most Republicans' objections that the measure wasn't paid for and much of the \$18 billion in spending was being borrowed against future taxpayers.

Later Thursday the House voted 289-112 to pass the bill and send it to Mr. Obama to sign into law.

Democrats defeated several efforts by Sen. Tom Coburn, Oklahoma Republican, to cut other areas of spending and raise some revenue to pay for the unemployment aid. But one of Mr. Coburn's trade-off amendments came close to succeeding, failing 50-48.

Under the bill, jobless benefits are extended through early June, which is a stop-gap measure while the House and Senate negotiate a full-year extension.

The bill also included money to prevent cuts in payments to doctors who treat Medicare patients.

The VAT vote was spurred by recent comments by Paul Volcker, a former chairman of the Federal Reserve who is now a top economic adviser to Mr. Obama. He said imposing a VAT "was not as toxic an idea" as it once was. Mr. Volcker was answering a question from the audience at an event in New York.

The VAT is an attractive option for those who want to broaden the tax base, and even some conservatives have expressed support for it, though usually only if it would be in exchange for getting rid of the income tax.

Congressional Budget Office Director Douglas Elmendorf last week told reporters his office has talked with some congressional offices about studying a VAT, though nobody has submitted an official request to evaluate a proposal for such a tax.

Of the 13 senators who voted to support the possibility of a VAT, 12 were Democrats and one, Sen George V. Voinovich of Ohio, was a Republican.

A Grass-roots Approach To Conservation (USAT)

By Mimi Hall, Usa Today

[USA Today](#), April 16, 2010

WASHINGTON - President Obama plans to direct the federal government to foster community-based efforts to save the nation's rivers, coastlines, farms, forests and other outdoor spaces as part of a new approach to conservation.

Instead of just designating vast tracts of land to be protected from development, pollution and overpopulation, Obama wants the government to embrace a grass-roots approach to conservation that has quietly taken hold in recent years in U.S. cities and towns and across international borders.

"Communities are uniting to protect the places they love," according to a directive Obama is scheduled to sign today at a White House conference on America's Great Outdoors.

The memo notes that farmers and ranchers, land trusts, recreation and conservation groups, community parks coalitions, governments and industry are working together.

"However, these efforts are often scattered and sometimes insufficient," the directive says.

The president instructs his Cabinet chiefs not to spend any new money.

But by Nov. 15, he wants a report that catalogs successful programs and lists the existing federal programs that could be tapped to support them and help establish new ones.

Nearly a century after Theodore Roosevelt held a conference to establish the national park system, "we are now in a new era," said Armando Carbonell of the Lincoln Institute of Land Policy, a non-partisan land-use organization

Large and small regionally run conservation efforts that could serve as models: the Crown of the Continent, a 10-million-acre area stretching from western Montana across the Canadian border into Alberta, and the Blackstone River Valley National Heritage Corridor, a 46-mile run of river from Worcester, Mass., to Providence.

The administration's plan to help local governments, private groups and others put together projects to protect natural resources is aimed at more than preservation. The plan also:

- . Encourages people to reconnect with the outdoors, a tie-in with first lady Michelle Obama's campaign to tackle childhood obesity.

. Promotes economic development. Cities that have revitalized their riverfronts have cleaned up the environment while providing a place for people to spend money and enjoy the outdoors.

Interior Secretary Ken Salazar says the conference and the ongoing effort will bring together groups that often have been at odds over land use.

"Conservation is a unifying issue for America," he says. "Hunters, bikers, joggers and outdoor enthusiasts - they're not divided into Republican and Democratic camps, conservative and liberal camps. This is a very unifying agenda for the country."

In Vermont, Nuke Power Faces A Test (USAT)

[USA Today](#), April 16, 2010

VERNON, Vt. - The pro-nuclear governor here has gotten a cream pie in the face. Compost has been thrown on a nuclear power plant manager. Protesters, including several grandmothers, have been arrested for trespassing at the plant gate.

This was not what President Obama, who hopes to spark a renaissance in nuclear power, had in mind this year when he urged an end to "the same old stale debates between the left and the right, between environmentalists and entrepreneurs." In Vermont, the same old debate rages on. As an embattled nuclear plant seeks to extend its operating life - and become a symbol of the conflict over whether to expand nuclear power - it's "no nukes" vs. "pro nukes," and not much in between.

The no-nukers are winning. On Feb. 24, the state Senate voted 26-4 to close 38-year-old Vermont Yankee when its license expires in two years, even though it employs 640 people; pays \$16.5 million a year in state and local taxes; provides one-third of Vermont's power, and helps make the state's carbon footprint the region's smallest.

Vermont Yankee is one of more than two dozen aging U.S. reactors that have leaked radioactive tritium from underground pipes. Its case has cast a pall on the revival of nuclear power and revived the anti-nuclear movement.

"Fights like this don't come along very often," says Jim Riccio of Greenpeace USA, one of a half-dozen groups seeking the plant's closure.

No nuclear plant has been started in the USA since the Three Mile Island accident - the 1979 partial core meltdown at a Pennsylvania reactor - vaporized public support for atomic power.

A nuclear renaissance has long been advocated by some political conservatives, such as former senator Pete Domenici, R-N.M., and business groups such as the National Association of Manufacturers. Because atomic energy produces much less carbon pollution than fuels such as coal, they've been joined by some environmentalists (early Greenpeace organizer Patrick Moore, Whole Earth Catalog editor Stewart Brand) and some more liberal politicians (Obama and Sen. John Kerry, D-Mass.).

In his State of the Union Address, Obama proposed "a new generation of safe, clean nuclear power plants" to reduce carbon emissions and promote U.S. energy independence. In February, he announced \$8.3 billion in loan guarantees for two reactors to be built in Georgia.

Americans are increasingly sympathetic. A Gallup Poll last month found that 62% favor nuclear power as one way to generate electricity, the highest percentage since Gallup began polling on the topic in 1994.

Vermont Yankee's application for a 20-year license extension, however, has mobilized veterans of the nuclear protests of the 1970s and people not yet born when their elders were being arrested at places such as Seabrook, N.H., and Diablo Canyon, Calif.

Opponents have long argued that nuclear power is unsafe -vulnerable to everything from operator error to terrorism - and produces radioactive waste for which there is no long-term solution. Now, they're also challenging the wisdom of operating vintage reactors past their original 40-year licenses.

Larry Smith, spokesman for Vermont Yankee, says its opponents won't listen to reason: "They're hippies from the '60s who want to be against something, and it's nuclear power."

The anti-nuclear movement, though, has matured.

It has lawyers, lobbyists and engineering consultants. One group, the New England Coalition, has sued to force the plant to shield the nuclear waste storage area from view and to monitor the temperature of storage casks containing radioactive waste. Deb Katz of the Citizens Awareness Network says her group "uses the plant's own information against it. We're not the hippy-dippy, no-nukes types."

No easy path

Given the nuclear industry's history of cost overruns and construction delays, many lenders and investors are leery. So the industry's future hinges on public support for government loan guarantees and for permission (from state regulators) to pass on construction costs to ratepayers before plants are finished.

About 20 "new generation" plants, touted as safer and more efficient than those of Vermont Yankee's age, are proposed. But they would take years to build.

So to maintain its 20% share of U.S. electrical production over the next decade, the nuclear industry must keep running the plants it already has. To this end, the Nuclear Regulatory Commission (NRC) has granted 20-year license extensions to 59 of the 104 commercial reactors located at 65 sites around the country. Most of the rest, like Vermont Yankee, have applied for extensions or will do so.

Vermont Senate President Peter Shumlin, a Democrat, says Vermont Yankee has national implications for what he calls "the head-in-the-sand attitude that we can continue to run 104 aging plants past their design life. We're an example of how elected officials might take a more active role against that."

Many observers, such as incoming NRC historian Thomas Wellock, view public support for nuclear power as broad but shallow - "just one accident away from heading south in a hurry," says John Kassel of the Conservation Law Foundation.

For that reason, Vermont Yankee is a stone in the shoe of the nuclear industry:

.In 2007, one of the plant's two cooling towers partially collapsed. Although there was no direct safety threat, a photo of gushing water quickly spread over the Internet.

.In January, the plant reported that tritium, which can cause cancer if ingested in large quantities, was leaking into ground near the Connecticut River. Tritium levels rose for more than a month before beginning to drop.

(Last month, plant officials said they had found and fixed the leaks and would pump out 300,000 gallons of groundwater and remove tritium-tainted soil. Days later, however, they announced that small amounts of Cesium-137, another radioactive substance, also had been discovered in soil near the plant.)

.The tritium leaks came from underground pipes that plant managers previously told state officials did not exist. Republican Gov. Jim Douglas, who has supported the plant's extension, called it "a breach of trust."

New Orleans-based Entergy Corp., which owns the plant, disciplined several managers, two of whom had been featured in an "I am Vermont Yankee" campaign. The company says there was no deliberate deception, just a misunderstanding over the definition of underground pipes.

The explanation fell flat.

"If the board of directors and management were infiltrated by anti-nuclear activists, I do not believe they could have done a better job destroying their own case," said Republican state Sen. Randy Brock, a surprise vote against the plant.

Vermont, alone among the states, has the power to deny a nuclear license extension. (It negotiated the authority when Entergy bought the plant.) Although the NRC staff has recommended an extension, the state Senate vote would retire the plant unless senators reverse themselves (and the House also votes yes).

Shumlin, the Senate president, says that won't happen: "Once you've lost Vermonters' trust, it's almost impossible to get it back."

The NRC and the nuclear industry say plants can run safely at higher power levels and for more years than defined in their original licenses. But the tritium leaks have undermined confidence.

Rep. Edward Markey, D-Mass., chairman of the House Energy and Environment Subcommittee, has said he is "appalled by the safety procedures not only at Vermont Yankee, but at other nuclear facilities across the country who have failed to inspect thousands of miles of buried pipes."

There are other signs around the nation that a nuclear renaissance is not inevitable:

.Ameren Corp. has suspended plans for a second nuclear reactor in Missouri after lawmakers failed to repeal a 1976 law barring utilities from charging customers for certain new power plant costs even before it starts producing electricity.

.Florida Power & Light stopped work toward two new reactors in January after state regulators rejected the company's rate increase request, a decision CEO Lew Hay said was "about politics, not economics."

.Efforts to reverse state bans on nuclear plant building - eight states have them - stalled in Minnesota and West Virginia.

Long-held viewpoints

What's striking about the Vermont Yankee debate is how, despite Obama's appeal for new thinking, the debaters stick to their traditional arguments. Neither Smith, the plant spokesman, nor Brad Ferland, head of a pro-nuclear business group, knows of any nuclear opponents in the state who've switched sides.

It's a bit of a culture war. While plant proponents extol its steady supply of relatively cheap electricity, opponents talk about renewable sources - solar, wind, wood - and using less power.

Even Vermonters who might be expected to be open to changing their minds are standing pat.

.Annette Roydon, 64, lives a few miles from the plant. She's the town of Vernon's emergency management director and deputy health officer. She runs a 65-acre organic farm and attended the Putney School, Marlboro College and Antioch College - all staunchly liberal.

"I'm very granola," she says.

She supports extending the nuclear plant's license. So do the chairmen of the Selectmen and the school board, and almost everyone else in town. In 2009, the annual town meeting unanimously passed a resolution backing the extension. The town has hired a lobbyist in Montpelier to press the case.

Roydon says she doesn't doubt the safety of the plant or nuclear power. She says the nuclear industry is the most heavily regulated in U.S. history; that no one has ever died in an accident at a U.S. nuclear plant; that Vermont Yankee employees feel the plant is safe enough to live near it.

"I'm more concerned about a train derailment than I am about the plant," she says, and doubts Vermont's 180 part-time "citizen legislators" have the expertise to decide its fate.

The plant accounts for more than half Vernon's revenue. "If it closed, how'd we pay our bills?"

Cort Richardson, 58, seems like someone Obama hopes will reconsider nuclear power: a former protester who now works with government regulators and industry engineers on the waste issue. He has come to take an analytical, unemotional view of nuclear power.

But Richardson is no more sanguine about nuclear now than when he was among more than 1,400 protesters arrested at Seabrook 33 years ago. For all the complaints about safety and waste, "nuclear power's Achilles heel has always been its economic underpinnings," he says.

Nuclear plants are so expensive to build (at least \$6 billion to \$8 billion) and so needy of public subsidies, he says, "You simply can't afford to build enough of them to make a difference" in the nation's energy needs.

Richardson, who voted for Obama and admires him, says he wishes he could talk to the president about nuclear power: "He's such a bright guy. I can't believe he's really bought this story."

Judge Rules National Day Of Prayer Unconstitutional (AP)

[Associated Press](#), April 16, 2010

MADISON, Wis. (AP) - A federal judge in Wisconsin ruled the National Day of Prayer unconstitutional Thursday, saying the day amounts to a call for religious action.

U.S. District Judge Barbara Crabb wrote that the government can no more enact laws supporting a day of prayer than it can encourage citizens to fast during Ramadan, attend a synagogue or practice magic.

"In fact, it is because the nature of prayer is so personal and can have such a powerful effect on a community that the government may not use its authority to try to influence an individual's decision whether and when to pray," Crabb wrote.

Congress established the day in 1952 and in 1988 set the first Thursday in May as the day for presidents to issue proclamations asking Americans to pray. The Freedom From Religion Foundation, a Madison-based group of atheists and agnostics, filed a lawsuit against the federal government in 2008 arguing the day violated the separation of church and state.

President Barack Obama's administration has countered that the statute simply acknowledges the role of religion in the United States. Obama issued a proclamation last year but did not hold public events with religious leaders as former President George W. Bush had done.

Crabb wrote that her ruling shouldn't be considered a bar to any prayer days until all appeals are exhausted. U.S. Justice Department attorneys who represented the federal government in the case were reviewing the ruling Thursday afternoon, agency spokesman Charles Miller said. He declined further comment.

Obama spokesman Matt Leich said in an e-mail to The Associated Press the president still plans to issue a proclamation for the next prayer day.

"As he did last year, President Obama intends to recognize a National Day of Prayer," Leich said.

The American Center for Law and Justice, which represented 31 members of Congress who joined the federal government as defendants, called Crabb's ruling flawed and promised to appeal.

"It is unfortunate that this court failed to understand that a day set aside for prayer for the country represents a time-honored tradition that embraces the First Amendment, not violates it," ACLJ Chief Counsel Jay Sekulow said in a statement.

The Alliance Defense Fund, an Arizona-based group of Christian lawyers, issued a statement saying Crabb's ruling undermines American tradition dating back to the nation's birth.

Freedom From Religion Foundation attorney Richard Bolton didn't immediately return a message seeking comment.

Crabb wrote that her ruling was not a judgment on the value of prayer. She noted government involvement in prayer may be constitutional if the conduct serves a "significant secular purpose" and doesn't amount to a call for religious action. But the National Day of Prayer crosses that line, she wrote.

"It goes beyond mere 'acknowledgment' of religion because its sole purpose is to encourage all citizens to engage in prayer, an inherently religious exercise that serves no secular function in this context," she wrote. "In this instance, the government has taken sides on a matter that must be left to individual conscience."

Judge: Prayer Day Violates U.S. Law (WT)

By Ben Conery

[Washington Times](#), April 16, 2010

A federal judge in Wisconsin ruled on Thursday that the country's National Day of Prayer is unconstitutional because it calls on citizens to take part in religious activity.

Senior U.S. District Court Judge Barbara B. Crabb said the statute that created the National Day of Prayer violates the Constitution's prohibition against the government establishment of religion.

Judge Crabb, a 1979 appointee of President Carter, wrote in her decision that "some forms of 'ceremonial deism,' such as legislative prayer, do not violate the establishment clause." But she said the National Day of Prayer goes too far.

"It goes beyond mere acknowledgment of religion because its sole purpose is to encourage all citizens to engage in prayer, an inherently religious exercise that serves no secular function in this context," she said. "In this instance, the government has taken sides on a matter that must be left to individual conscience."

In her ruling, the judge said she understood that many might disagree with her conclusion and some could view it as a criticism of prayer or those who pray.

"That is unfortunate," she said. "A determination that the government may not endorse a religious message is not a determination that the message itself is harmful, unimportant or undeserving of dissemination. Rather, it is part of the effort 'to carry out the Founders' plan of preserving religious liberty to the fullest extent possibly in a pluralistic society.'"

The ruling will not stop President Obama from recognizing, as he did last year, a national day of prayer, said White House spokesman Ben LaBolt. Judge Crabb delayed the imposition of her ruling pending an appeal.

"We have reviewed the court's decision, and it does not prevent the president from issuing a proclamation," Mr. LaBolt said.

The judge's ruling came in a lawsuit originally filed in 2008 by the Wisconsin-based Freedom From Religion Foundation. The atheist, agnostic and nontheist group said Thursday they were surprised and disappointed that the president intended to issue the proclamation.

"President Obama is a constitutional scholar, and knows the issues at stake," said the foundation Co-President Annie Laurie Gaylor.

The American Center for Law and Justice, a conservative organization that filed briefs in the case on behalf of 31 members of Congress, called Judge Crabb's ruling "flawed" and vowed to file an appeal.

"It is unfortunate that this court failed to understand that a day set aside for prayer for the country represents a time-honored tradition that embraces the First Amendment, not violates it," said Jay Sekulow, chief counsel of the ACLJ.

"If the appeals court fails to reverse this decision, we are confident the Supreme Court will hear the case and ultimately determine that such proclamations and observances like the National Day of Prayer not only reflect our nation's rich history, but are indeed consistent with the Establishment Clause of the First Amendment," Mr. Sekulow said.

Rep. Lamar Smith, a Texas Republican who is among the members of Congress for whom the amicus brief was filed, said "it is regrettable that a federal judge has called the simple national recognition of prayer - which imposes no duties or burdens on any American - unconstitutional.

"The decision undermines the values of religious freedom that America was founded upon," he said. "What's next? Declaring the federal holiday for Christmas unconstitutional?"

The lawsuit originally targeted then-President George W. Bush and members of his administration, but Mr. Obama is now listed as the defendant because the president enforces the statute in question by issuing a proclamation each year declaring National Day of Prayer.

Because proclamations for National Day of Prayer are released through the White House press office, Mr. Bush's former press secretary, Dana Perino, was originally listed as a defendant, but has since been replaced as a defendant by Robert Gibbs, Mr. Obama's press secretary.

The Justice Department, which represents the president and Mr. Gibbs in the case, would say only Thursday that it is "reviewing the judge's decision."

Every president beginning with President Truman in 1952 has issued a proclamation for the National Day of Prayer, which, since 1988, has been held on the first Thursday in May.

Last year, Mr. Obama issued a proclamation; Mr. Bush held a National Day of Prayer event at the White House in 2008.

This year's National Day of Prayer is scheduled for May 6.

The Americans United for Separation of Church and State, a religious watchdog group based in Washington, D.C., praised the ruling, calling it a "tremendous victory" for religious liberty. In a statement, it said Congress has no business telling Americans when or how to pray.

"The Constitution forbids the government to meddle in religious matters," said the Rev. Barry W. Lynn, the organization's executive director. "Decisions about worship should be made by individuals without direction from elected officials. That's what freedom is all about."

Hastings Case Tests Religious Freedom On Campus (WP)

By Newt Gingrich And Jim Garlow

[Washington Post](#), April 16, 2010

Americans like to think of their college campuses as marketplaces of ideas where students have the opportunity to freely browse a host of competing beliefs, attitudes and philosophies. Unfortunately, today's academic marketplace is more like a company store. A single, humanistic, decidedly leftist worldview is sold in too many classrooms . . . and the customer refuses delivery at his or her own risk.

A case to be heard by the Supreme Court on Monday illustrates the deep intellectual and religious prejudices of America's academic elite and has the potential to strike a ferocious blow for -- or against -- religious liberty on university campuses.

In 2004, administrators at the University of California's Hastings College of Law were outraged to learn that the campus's Christian Legal Society chapter required members to sign a statement affirming their Christian beliefs and committing to live by them. Admittedly, this is not an unusual expectation for Christians who are increasingly surrounded by a secular-socialist culture. Nevertheless, it is not substantively different from asking NAACP members to eschew racism.

Hastings sponsors some 70 student organizations -- from the Armenian Law Students Association to the Usual Suspects Criminal Justice Film Club -- so one might think there'd be room for people of faith.

But administrators told the CLS it would have to broaden membership requirements to allow for voting members and even officers who don't hold Christian principles. That is, leadership and voting privileges must be extended to agnostics and avowed atheists.

In other words, the students were free to have a Christian club, Hastings assured them, as long as it wasn't led only by Christians.

The Christian Legal Society members rightly saw the administration's position as deeply biased against people of faith and sued the school for violating their rights protected by the First Amendment.

The law school contends that its policy is designed to ensure equality on campus -- every student must be eligible for every club. And as part of a public university, it says, all authorized student organizations should be held to the policy mandates of public institutions even where it conflicts with religious tenets. The school also argues that the organizations really should be open to everybody because so much of the funding that underwrites campus organizations comes from student activity fees.

Simply put, it doesn't wash.

Last year, the U.S. Court of Appeals for the 9th Circuit supported the Hastings position in *Christian Legal Society v. Martinez*; in 2006, the 7th Circuit, in a nearly identical case at Southern Illinois University (*Christian Legal Society v. Walker*), did not. The split between those decisions brings the *Martinez* case to the Supreme Court.

In the past, the high court has repeatedly asserted that a university, by letting a club use its facilities, is not subsidizing that club or putting the government's legal stamp of approval on its activities. Nor, the court has said, does using student fees to underwrite a broad spectrum of student organizations and activities necessitate that every club has to meet with every student's approval.

This is why the outcome of this case is so crucial. With *Martinez*, the high court has an opportunity to either protect or roll back the equal-access freedoms and defenses of religious liberty it has affirmed in recent years through landmark decisions in cases such as *Good News Club v. Milford Central School*. It's a measure of how much is at stake that 22 friend-of-the-court briefs from a wide variety of groups have been filed in support of CLS, including one from 14 state attorneys general.

At the outset of the dispute and well into the initial stages of litigation, Hastings said that CLS had violated the university's bans on religious and "sexual orientation" discrimination. After CLS noted that the law school allowed other groups to organize around nonreligious ideas, Hastings suddenly asserted that no group could exclude anybody for any reason. So the Young Democrats, for example, are apparently required to accept Republicans as members and allow them to be elected to leadership positions in their club. That's simply absurd.

Moreover, it's a ploy contorted to camouflage the double standard being applied to CLS simply because it is a Christian organization. Hastings officials hope to hide the fact that on their campus, as at countless other colleges and universities nationwide, people of faith are being deliberately marginalized and excluded not for any real misdemeanors but for having the temerity to suggest that there's an authority higher than school administrators, a truth more compelling than the latest government-dictated cultural doctrine, and a God more worthy of worship than the idols of the left.

A lot of leftists -- in the offices of government and in the halls of academia -- seem to find those ideas laughable. And yet, watch their faces in the courtrooms and classrooms. They're not laughing. When it comes to eroding freedom to shore up their own politically correct agenda, they are deadly serious.

Newt Gingrich is a former House speaker and honorary chairman of Renewing American Leadership. Jim Garlow is the group's chairman.

Free Association And The First Amendment (WSJ)

The Supreme Court will decide if a student religious group can choose its own members.

By Harvey A. Silverglate

[Wall Street Journal](#), April 16, 2010

Can a public university force a Christian student group to accept as leaders students who explicitly reject core tenets of the group's faith? On Monday the Supreme Court will entertain precisely this question-and the First Amendment right to freedom of association hangs in the balance.

The facts in *Christian Legal Society v. Martinez* are straightforward. The Christian Legal Society (CLS), an evangelical Christian student group, accepts all students at its functions but requires voting members and leaders to sign a Statement of Faith. The statement endorses "biblical principles of sexual morality," and it makes clear that a student who "advocates or unrepentantly engages in sexual conduct outside of marriage between a man and a woman" isn't eligible to vote for or become a group leader.

There's nothing strange here; one wouldn't expect the College Democrats to accept as voting members or leaders those students who advocate or vote for Republicans. But the University of California's Hastings College of the Law, in San Francisco, seeks to enforce a politically correct notion of inclusiveness.

In order to gain official recognition, funding and equal access to campus, Hastings insists that every group must allow all students to become voting members, even if they fundamentally disagree with the group's viewpoint or want to vote to disband the group. Applying this rule, Hastings denied CLS recognition, excluding the group from participating in campus life on equal terms simply because it holds fast to sincerely held religious beliefs.

Attempts to deny Christian groups recognition based upon their interpretation of sexual morality have been common for years, with incidents occurring at both public and private colleges as prominent as the University of North Carolina at Chapel Hill, Tufts, The Ohio State University and Rutgers. These attempts usually failed due to bad publicity and court orders favoring the religious students, but last year the Ninth Circuit Court of Appeals broke the trend and endorsed Hastings' exclusion of the CLS. The fallout was immediate, as Boise State University and the University of Montana de-recognized Christian organizations. Many more public colleges will follow their lead if the high court rules for Hastings.

According to these schools, the requirement that would-be voting members actually agree with a group's understanding of Christian doctrine amounts to "discrimination." (Never mind that CLS accepts gay students-or students who have engaged in premarital heterosexual sex, for that matter-as long as those students accept the society's standards of sexual morality and are repentant for their own occasional failures.)

This requirement is not invidious discrimination; rather, it's a form of expressive association and it's protected by the First Amendment. As the Supreme Court held in *Roberts v. U.S. Jaycees* (1984), "freedom of association plainly presupposes a freedom not to associate." The government and its agents-including public universities-cannot interfere with the right of people to organize around shared beliefs.

The expansive interpretation of "non-discrimination" insisted upon by many public colleges has little in common with the real world. Many religions-not least Christianity, Islam and Orthodox Judaism-include proscriptions on homosexuality and much else about sexual morality. Student religious groups cannot be required to abandon or lie about these tenets of faith as a condition of obtaining equal access to campus life.

Would gay and lesbian student groups really want to be forced to accept as voting members the parishioners of the Westboro Baptist Church, who have for years picketed the funerals of gay murder victims and American soldiers (whose deaths they claim are God's punishment for the nation's sin of toleration)? Following the logic of the Ninth Circuit, the most virulently anti-gay student (or any number of such students) could not be refused a vote.

In its brief to the high court, CLS concludes with the observation that if the university prevails it would destroy the "live and let live" status quo that the First Amendment has protected thus far in our diverse and contentious country. Our nation's founders were wise to ensure that in the United States each faction has its voice but has to grant its opponents a voice as well.

If the Supreme Court decides that public colleges may deny religious groups the same rights as any other group on campus, the result will be less, not more, genuine diversity on campus.

Mr. Silverglate, a lawyer, is co-founder and current board chairman of The Foundation for Individual Rights in Education. He has signed FIRE's friend-of-the-court brief filed in this case.

Ex-NSA Worker Charged In Classified Leak Case (AP)

[Associated Press](#), April 16, 2010

WASHINGTON - A former senior executive at the National Security Agency was charged Thursday with lying and obstruction of justice in an investigation of leaks of classified information to a newspaper.

Federal prosecutors said Thomas Drake, 52, served as a source for many articles about the NSA in an unidentified newspaper, including articles that contained classified information.

A federal indictment filed in Maryland charges that Drake used a nongovernment e-mail account to transmit classified and unclassified information. Authorities also charge that Drake lied to federal agents about what he'd done.

The indictment does not identify the reporter, the newspaper or the subject matter of the stories. It says the stories were published between February 2006 and November 2007.

The place, time, and type of stories described in the indictment generally match articles published in The Baltimore Sun, though federal officials would not confirm that paper was the one cited in the case. Judy Berman, a spokeswoman for the newspaper, declined to comment.

The Washington Post said that the reporter was Siobhan Gorman, an intelligence correspondent for The Baltimore Sun at the time and subsequently at the Wall Street Journal. Calls to the Sun seeking comment were not returned and the Journal declined to comment.

The Justice Department defended the charges against Drake.

"Our national security demands that the sort of conduct alleged here - violating the government's trust by illegally retaining and disclosing classified information - be prosecuted and prosecuted vigorously," said the Justice Department's assistant attorney general Lanny Breuer.

Drake faces five counts of willfully retaining documents related to national defense. He is also charged with obstruction of justice and four counts of making false statements to the FBI.

The most serious charge in the 10-count indictment carries a maximum possible sentence of 20 years in prison.

Prosecutors say Drake exchanged hundreds of e-mails with the reporter, researched stories for the reporter by asking other NSA employees questions and accessing classified documents, and sent the reporter copies of classified and unclassified documents.

Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press, said the case is likely to have "a chilling effect on government employees who have information they wish to share with the public."

Dalglish said prosecutors do not appear to have subpoenaed any reporters in the case, which she called an encouraging sign.

"It is a reminder that if you are going to talk to a reporter and you don't want to be identified, you should not use technology to do it," she said.

A Former N.S.A. Official Is Charged With Leaking Classified Information (NYT)

By Scott Shane

[New York Times](#), April 16, 2010

WASHINGTON - In a rare legal action against a government employee accused of leaking secrets, a grand jury has indicted a former senior National Security Agency official on charges of providing classified information to a newspaper reporter in hundreds of e-mail messages in 2006 and 2007.

The official, Thomas A. Drake, 52, was also accused of obstructing justice by shredding documents, deleting computer records and lying to investigators who were looking into the reporter's sources.

"Our national security demands that the sort of conduct alleged here - violating the government's trust by illegally retaining and disclosing classified information - be prosecuted and prosecuted vigorously," Lanny A. Breuer, the assistant attorney general in charge of the Justice Department's criminal division, said in a statement.

The indictment, approved Wednesday by a grand jury in Baltimore and made public on Thursday, does not name either the reporter or the newspaper that received the information.

But the description applies to articles written by Siobhan Gorman, then a reporter for The Baltimore Sun, that examined in detail the failings of several major N.S.A. programs, costing billions of dollars, using computers to collect and sort electronic intelligence. The efforts were plagued with technical flaws and cost overruns.

Only a small number of prosecutions have been brought against government officials in recent decades for improperly disclosing information. Such cases often provoke a public debate over the tradeoff between protecting government secrets and covering up government wrongdoing or incompetence.

The indictment suggests the Obama administration may be no less aggressive than the Bush administration in pursuing whistleblowers and reporters' sources who disclose government secrets. In a little-noticed case last December, a former contract linguist for the F.B.I., Shamai Kedem Leibowitz, pleaded guilty to leaking five classified documents to a blogger.

In the Bush administration, the Justice Department spent several years investigating The New York Times's sources for a 2005 article that revealed the existence of the N.S.A. program of eavesdropping without warrants. No one has been charged in that case.

Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press, a press advocacy group, called the indictment of Mr. Drake unfortunate. "The whole point of the prosecution is to have a chilling effect on reporters and sources, and it will," Ms. Dalglish said.

Mr. Drake, who began working as an N.S.A. contractor in 1991 and was a high-ranking agency employee from 2001 to 2008, is charged with 10 counts, including retention of classified information, obstruction of justice and making false statements. The retention counts each carry a maximum penalty of 10 years in prison and a \$250,000 fine.

The indictment asserts that Mr. Drake, a computer software expert, contacted the reporter at the urging of a friend and set up a secure e-mail account, through a company called Hushmail, that allowed him to send anonymous e-mail to the reporter. He later met the reporter and turned over classified documents with the classification markings removed, the court document said.

James Wyda, a federal public defender representing Mr. Drake, said his client has been "extraordinarily cooperative" with investigators and was "very disappointed that the process ended in criminal charges."

"Mr. Drake loves his country," Mr. Wyda said. "We look forward to addressing these matters in a public courtroom."

Ms. Gorman, who now works for The Wall Street Journal, has not been accused of wrongdoing. A spokeswoman for The Journal, Ashley S. Huston, said Ms. Gorman had declined to comment. A spokeswoman for The Baltimore Sun also declined to comment.

In addition to describing the technical programs, the Sun articles disclosed a crisis in meeting N.S.A.'s demands for electrical power and described how the agency had rejected a program that had the promise of collecting communications while protecting Americans' privacy.

The articles, though, did not focus on the most highly protected N.S.A. secrets - whose communications it collects, exactly how it collects them and what countries' codes it has broken.

That may make a prosecution more feasible, from the point of view of protecting secrets during a trial. But because the articles in question documented government failures and weaknesses, the decision to prosecute could raise questions about whether the government is merely moving to protect itself from legitimate public scrutiny.

Ms. Dalglish, the press advocate, said Ms. Gorman's N.S.A. articles exposed "a multibillion-dollar boondoggle that was of great interest to Congress." She called the articles "important public-interest reporting."

News reports based on classified information are common, and they are often followed by a referral to the Justice Department for investigation. But prosecutions remain rare, in part because of the difficulty of identifying sources and in part because spy agencies fear a trial will do more damage to national security than the original disclosure.

Among the most famous cases was the prosecution of Daniel Ellsberg, then a military analyst for the Rand Corporation, for disclosing the Pentagon Papers, a secret history of the Vietnam war, to The New York Times in 1971. The charges were dismissed because of illegal wiretapping and other government misconduct.

In 1985, Samuel Loring Morison, a naval intelligence analyst, was convicted of espionage and other crimes after he provided classified satellite photographs to Jane's Defense Weekly. He was sentenced to two years in prison.

In more recent years, two high-profile prosecutions involved leaks. Lawrence Franklin, a Defense Department official, pleaded guilty in 2005 after being charged with sharing classified information with two officials of a pro-Israel lobbying group. Those officials, accused of passing some of the information on to reporters, were also indicted, but the charges were later dropped.

Also, a top aide to Vice President Dick Cheney, I. Lewis Libby Jr., was charged with perjury and other crimes in an investigation of the disclosure to the news media that Valerie Wilson was an undercover officer of the Central Intelligence Agency. Mr. Libby was sentenced to 30 months in prison, but President George W. Bush commuted his sentence.

Former NSA Official Allegedly Leaked Material To Media (WP)

By Greg Miller, Spencer S. Hsu And Ellen Nakashima, Washington Post Staff Writers

[Washington Post](#), April 16, 2010

The indictment of a former U.S. intelligence official accused of leaking secrets to the media marks an attempt by the Obama administration to disrupt a type of transaction that has persisted for decades in Washington, routinely triggering criminal referrals but rarely ending up in court.

The case disclosed Thursday involves a former senior executive at the nation's most secretive spy service. He has been charged with 10 felony counts of mishandling classified information from the National Security Agency and trying to obstruct authorities' investigation of his alleged actions.

Thomas A. Drake, 52, has not been accused of sharing the most sensitive of the NSA's secrets: the means it uses to intercept e-mails and phone calls around the world, or the tools it employs to crack adversaries' codes. Instead, Drake allegedly provided a steady stream of documents and information to a Baltimore Sun reporter whose work exposed NSA system failures and mismanaged programs.

Drake's lawyer said Thursday that his client had cooperated with authorities but would now mount a vigorous defense against the charges.

Prosecutions -- let alone convictions -- of leaks cases have been rare. Many result in efforts to compel journalists to reveal their sources, but in this case the government appears to have identified an alleged leaker directly.

Federal prosecutors dropped charges last year against two former lobbyists for a pro-Israeli advocacy group accused of conspiring to obtain classified information on al-Qaeda and Iraq and provide it to news organizations, including The Washington Post. That effort, launched during the Bush administration, included allegations of espionage, a charge prosecutors have not levied against Drake.

The most prominent case in recent years, involving I. Lewis "Scooter" Libby, the former chief of staff to Vice President Richard B. Cheney, showed the flip side of the issue -- instances in which senior government officials sanction leaks to advance their political aims. Libby was convicted of perjury and obstruction of justice after being accused of providing secret information about Iraq to a reporter.

In its indictment of Drake, the Justice Department portrayed him as a longtime consultant and executive at the world's premier code-breaking agency who nevertheless relied on relatively unsophisticated methods to give away NSA secrets. Those methods allegedly included copying and pasting documents in order to remove classification markings, as well as using a widely available encrypted e-mail service.

Drake "exchanged hundreds of e-mails" and met with a reporter, whom the indictment did not name. Drake also "reviewed, commented on, and edited . . . final drafts" of the reporter's articles, according to the indictment. It accused Drake of shredding documents and wiping computer hard drives when he suspected authorities were on his trail.

The case could create new tensions between the government and the media, putting pressure on reporters and the sources they rely on in some cases to highlight government waste and abuse.

Bruce W. Sanford, a First Amendment lawyer in Washington, called the Justice Department's explanation of the case "prosecutorial pabulum." He said that "leak prosecutions against people trying to improve national security are absurd. What is not at stake here are sources and methods of intelligence-gathering. . . . This fellow is clearly a whistle-blower."

The indictment could also discourage government employees from speaking to reporters and would-be whistle-blowers from coming forward, said Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press. "I do think there are some people who will be enormously 'chilled,'" she said.

But U.S. intelligence officials have expressed growing concern that the release of unauthorized information was undermining national security, and that not prosecuting such actions has left the impression that those who leak will not pay a price.

"Our national security demands that the sort of conduct alleged here . . . be prosecuted and prosecuted vigorously," Assistant Attorney General Lanny A. Breuer said in a statement.

Drake could not be reached to comment. James Wyda, the federal public defender in Baltimore assigned to the case, said Drake had been "extraordinarily cooperative" with authorities and had held important government jobs over many years.

"Mr. Drake loves his country," Wyda said. "He's very disappointed that criminal charges were brought and we were not able to resolve this matter in another way."

Drake faces 10 felony charges, each carrying a maximum penalty of five to 20 years in prison and up to a \$250,000 fine.

Drake had served as a contractor to the NSA before becoming a full-time employee in 2001 assigned to its signals intelligence and engineering directorates, according to the indictment. It said his contacts with the reporter began in late 2005 or early 2006.

The contacts were encouraged by a former congressional aide with whom Drake had a self-described "close, emotional friendship," according to the document. The former aide had retired from congressional staff in 2002 and was not identified.

Drake subsequently set up an account with Hushmail, a secure online e-mail service based in Vancouver, B.C., that offers what it calls "near military grade" encryption, and encouraged the reporter to do the same, according to the indictment.

Hushmail director Steven Youngman said Thursday that the firm will provide the encrypted content of e-mails and other information to law enforcement authorities when they produce a court order.

Speculation about the identity of the reporter focused on Siobhan Gorman, an intelligence correspondent then working for the Baltimore Sun who has since joined the Wall Street Journal. Gorman was among a small circle of journalists who covered the NSA closely, publishing a string of stories in 2006 and 2007 that spotlighted management lapses, technical problems and budget shortfalls at an agency known for its aversion to the press.

Her stories included references to sources who appear to match prosecutors' descriptions. A Jan. 17, 2007, story on budget woes at the NSA, for example, refers to "a senior intelligence official speaking on condition of anonymity" and "a former congressional aide" in successive paragraphs.

Drake's security clearance was suspended in 2007, and he resigned from the NSA a year later "in lieu of termination," the indictment said.

It was unclear whether Gorman had cooperated, or been asked to do so, in the case against Drake. Editors at the Sun referred calls to a spokeswoman, who declined to comment.

Gorman was covering the Senate confirmation hearing of NSA Director Lt. Gen. Keith B. Alexander when the indictment was announced. She declined to comment when approached by a reporter from The Post.

U.S. intelligence agencies are required to notify the Justice Department when classified material appears in the press. Former U.S. officials said such referrals have increased in recent years.

"There were scores, if not hundreds, of such reports sent over to Justice" each year from the NSA and CIA, said a former high-ranking U.S. intelligence official. "They generally ended up not getting anywhere near a courtroom."

nakashimae@washpost.com

Staff writers Carol D. Leonnig and Howard Kurtz and staff researcher Julie Tate contributed to this report.

Ex-NSA Official Indicted In Probe Of Leaked Secrets (WT)

By Eli Lake

[Washington Times](#), April 16, 2010

A grand jury Thursday indicted a retired senior National Security Agency official on charges he mishandled secrets, saying that he divulged classified information to a reporter through hundreds of encrypted e-mails and then sought to destroy classified documents to cover his tracks.

The official, Thomas Drake, was a senior engineer at the NSA between 2001 and 2006 who was introduced to the reporter in question in 2005 by a congressional staffer.

The indictment says Mr. Drake made arrangements with the reporter, identified only as "Reporter A" in the court papers, to communicate through a Canada-based encrypted e-mail service known as hushmail. The indictment says between February 2006 and November 2007 the reporter and Mr. Drake exchanged hundreds of e-mails containing classified material.

The indictment is a rare view into the inner workings of the NSA, the U.S. signal intercept agency based at Fort Meade, Md., that eavesdrops on and decrypts communications from foreign governments.

It is also the latest example of the U.S. government's efforts to crack down on classified leaks.

At the beginning of the George W. Bush administration, the Justice Department promised Sen. Richard C. Shelby, Alabama Republican, it would prosecute more leak cases in exchange for him dropping legislation on disclosing secrets to the public. The FBI in 2004 recommended that the Senate ethics committee investigate Mr. Shelby for leaking the content of NSA intercepts before Sept. 11 to Fox News.

Assistant Attorney General Lanny A. Breuer said in a statement, "Our national security demands that the sort of conduct alleged here - violating the government's trust by illegally retaining and disclosing classified information - be prosecuted and prosecuted vigorously."

James Wyda, Mr. Drake's public defender, said in a statement that he was reviewing the indictment and that his client had been cooperative in the government's investigation.

"Mr. Drake has been extraordinarily cooperative with the government throughout the investigation. He loves his country and has served it well for many years. We are deeply disappointed that we could not resolve this matter without criminal charges being brought. But this is a process. And now we look forward to resolving these matters in a public courtroom," he said.

Sen. Christopher S. Bond, Missouri Republican and vice chairman of the Senate Select Committee on Intelligence, praised the prosecution.

"The damage to our national security caused by leaks won't stop until we see a couple of perpetrators in orange jumpsuits," he said. "While long overdue, this indictment is an important first step. I hope the administration tracks down and punishes other government employees with loose lips and no regard for our nation's secrets."

The Justice Department declined to name the reporter, but the time frame named in the indictment matches a series of NSA-related articles by Siobhan Gorman, at the time a Baltimore Sun reporter. Ms. Gorman's 2006-07 Sun articles covered the NSA's long-standing efforts to modernize its equipment and how this effort ran into delays and cost overruns.

Ms. Gorman, who is now at the Wall Street Journal, did not answer an e-mail asking for comment.

Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press, said the case was "slightly unusual but not unheard of."

"Every once in a while someone is prosecuted for talking to a reporter," she said.

Under the Bush administration, the Justice Department in 2005 indicted a Pentagon analyst and two lobbyists for the American Israel Public Affairs Committee (AIPAC) on a conspiracy to divulge defense information. Last summer, the government quietly dropped the charges against the two lobbyists after securing a guilty plea from the analyst, Larry Franklin.

Steven Aftergood, the director of the project on government secrecy at the Federation of American Scientists, said that the NSA indictment differed from the AIPAC case because now the government has brought charges based on the crimes of destroying classified material, taking that material home and lying to investigators rather than legally accusing him of disclosing that material to the public.

"The way the government framed the indictment, it focuses on unlawful retention of classified documents, not on leaks to the press," Mr. Aftergood said. "This may foreclose the possibility of any kind of First Amendment defense. Although it is a leak case, the defendant is not charged with leaking. So he probably can't argue that it was justified by a higher cause."

Ms. Dalglish said the effects of the prosecution could chill the prospect of sources handing over sensitive information to reporters.

"In the short term, it will probably have a chilling effect on government sources particularly those at NSA coming forward with information for reporters. I am sure that is what the government intends. For me the biggest lesson for reporters, if you are going to have conversations with confidential sources, you should have conversations and meet with them face to face," she said.

EDITORIAL WRAP-UP

The Gun Lobby's Colony (NYT)

[New York Times](#), April 16, 2010

Cravenness and horse trading are too often the political reality in Washington, but a deal now in the works is particularly cruel.

Congress is poised, finally, to give the tax-paying citizens of the District of Columbia what they have been so long and so unfairly denied: a representative with the power to vote. But the gun lobby has extracted too high a price: the scuttling of vital local gun controls intended to keep the capital city's residents safe.

The district's - nonvoting - representative, Eleanor Holmes Norton, has reluctantly accepted this extortion. "The strength of gun forces in Congress has grown, not diminished," she declared in explaining why she felt forced to abandon her long fight for a measure free of gun lobby abuses. She estimates that her cause and the Democratic majority may only be weakened in the next election. And she feels the gun lobby is powerful enough to oppress the district with a stand-alone measure.

That all may be true. But it is not inevitable and certainly not enough reason to hand the gun lobby this pernicious victory.

The legislation would intrude on home-rule prerogatives by repealing the district's restrictions on semiautomatic weapons, rolling back requirements for registering most guns and even dropping existing criminal penalties for owners of unregistered firearms.

House Democratic leaders previously opposed gun control attachments, but they, too, seem ready to accept the measure, inserted in the Senate's version of the D.C. voting bill by John Ensign, a Republican of Nevada.

As usual, bipartisan majorities stand by to do the gun lobby's bidding. It has already been endorsed by the Democratic majority leader, Harry Reid of Nevada. It is a cynical, sickening compromise.

Spying, Civil Liberties And The Courts (NYT)

[New York Times](#), April 16, 2010

Succumbing to the politics of fear during the 2008 campaign, Congress seriously diluted the First and Fourth Amendment rights of Americans by changing the 1978 law that governs electronic surveillance.

In addition to supplying retroactive approval for President George W. Bush's lawless warrantless wiretapping, the FISA Amendments Act vastly expanded the government's ability to eavesdrop without warrants in the future. It gave the National Security Agency authority to monitor the international phone calls and e-mail messages of Americans who are not engaged in criminal activity and pose no threat to national security. The measure weakened judicial supervision of how these powers are exercised, making abuse far more likely.

An important case being argued Friday in New York City will help determine the extent of the damage.

At issue is a constitutional challenge to the 2008 law filed on behalf of human rights, labor, legal, and news media organizations whose work requires sensitive telephone and e-mail communication with people abroad. Whether the suit will be allowed to proceed is the question confronting a three-member panel of the United States Court of Appeals for the Second Circuit - Judges Guido Calabresi, Robert Sack, and Gerard Lynch.

Embracing the Bush administration's approach, the Obama administration has sought to block the suit, contending that the plaintiffs lack the requisite "standing" to bring the challenge because they cannot show with certainty that they have been spied on. (Of course, any attempt to prove spying would likely be met by a flimsy claim of state secrecy.) Buying the standing argument, a federal trial court judge dismissed the constitutional challenge last year without getting to the merits.

That was a serious error. The communications of the activists, lawyers and journalists challenging the new law fall within the class of material the law allows the government to "acquire" without a warrant. The chilling impact is neither trivial or merely speculative. Plaintiffs have had to take costly and inconvenient steps to safeguard their privacy, including travel to foreign countries to gather information.

The appeal's focus on the technical-sounding issue of standing should not obscure the high stakes here, not least for preserving the judiciary's essential role in enforcing limits on the government's power and acting as a check against abusive conduct.

An appellate court ruling siding with the lower court's cramped approach to standing would immunize the new rules governing electronic surveillance from meaningful judicial review. That means unchecked discretion to the legislative and executive branches inconsistent with the Constitution's checks and balances.

A Hostile Arizona (LAT)

The state's harsh anti-immigration bill goes too far. What's needed is national reform.

[Los Angeles Times](#), April 16, 2010

Earlier this week, Arizona lawmakers passed anti-immigration legislation that is unique in its stringency and harshness. The bill would strongly encourage police officers to engage in racial profiling by ordering them to check the status of people they merely suspect of being in the U.S. illegally. Even legal immigrants, in a move that harks back to fascist Europe, would be required to carry their papers at all times or risk arrest. Apparently Arizona legislators have forgotten Proposition 187, the 1994 California ballot initiative. That measure, popular with a frustrated public but ultimately deemed unconstitutional, would have cut off services, including healthcare and public education, for illegal immigrants. Arizonans have forgotten the lawsuits, national outrage and political backlash.

Although the California and Arizona measures are different, the frustration with federal apathy that fuels them is the same. Arizona is hostile to illegal immigrants because it is the main point of entry to the U.S. for migrants coming in from Mexico. (Californian hysteria softened after the San Diego border was fortified in 1994 and migration routes shifted to Arizona and Texas).

Some of the most established trails from Mexico crisscross private property in Arizona. Homes along these trails are sometimes burgled and vandalized; property is damaged. Some trails are littered with empty water bottles and human waste;

trash, diapers, cigarette boxes and discarded backpacks. These are thoroughfares not just for job-seekers but for human traffickers and gun-toting drug smugglers.

The sense of peril at the border has been heightened by the killing last month of Arizona rancher Robert Krentz. Krentz was known for aiding migrants who landed on his property dehydrated, hurt and hungry. Tracks from the scene where he and his dog were shot led back toward Mexico.

But the Arizona bill is not just a reaction to that tragedy; it was in the works well before the killing. Rather, it is the state's way of expressing frustration with the federal government and preparing itself for the comprehensive federal immigration reform residents fear is coming. In the eyes of many Arizonans, any new law granting amnesty to undocumented immigrants will open a floodgate into their backyard.

Arizona's new legislation is terribly wrongheaded, but the state's sense of abandonment by Washington is not something the rest of us can shrug off. Congress must find the courage to create a policy that sensibly regulates the flow of immigration. Arizona ranchers living along the border are fearful for their lives, and migrants are dying in the desert. Inaction penalizes everyone. The solution is not for Arizona to criminalize illegal immigration, which has generally been regarded as a civil violation, or to encourage a culture of civil rights violations and racial profiling. We urge Gov. Jan Brewer not to let these measures become law.

Scuds For Hezbollah? (LAT)

Israel says Damascus has provided missiles to Hezbollah, raising fears of war. That is exactly why Washington should send an envoy to Syria.

[Los Angeles Times](#), April 16, 2010

Israeli officials this week accused Syria of providing the armed Islamic group Hezbollah with medium-range Scud missiles, which would make the Lebanese militants the first irregular army to possess such weapons, and would enable them to target virtually all of Israel. U.S. officials have not confirmed that the weapons were actually delivered, and Syria adamantly denies the charge. Israel and Syria each are warning that the other is preparing for war, raising concerns about a new military conflict in the region and prompting Republican calls for President Obama to delay sending a U.S. ambassador to Damascus for the first time in five years. That would be a mistake. The United States does not send ambassadors as a reward to countries for their behavior, but to provide tools for defusing crises precisely like this one.

Syria has armed Hezbollah for decades. The delivery of Scuds, however, would mark a significant advance in its arsenal, further undermining the Lebanese state, although the effect on Israel would be as much psychological as military. During the 2006 war with Israel, Hezbollah used rockets with a range of up to 60 miles, and Scuds could increase that by at least sevenfold. But the large 1950s-era missiles are inaccurate, and Israel has the capacity to intercept them. Still, Israel would view their introduction as an act of belligerence on Syria's part.

It is hard to see what Syria would gain by giving Scuds to Hezbollah. (Well-armed insurgent groups have a way of escaping the control of their patrons, as the U.S. and Russia have discovered.) Some suggest that Syria and Hezbollah believe Israel is planning a repeat of the 2006 war against a now-rearmed Hezbollah; by this theory, the Scuds serve as a deterrent. Others suggest that Damascus is frustrated at lack of progress in talks with Israel over the return of the Golan Heights, and wants to turn up the pressure. Still others propose that this has been masterminded by Tehran as part of a potential regional response to any Israeli attack on its nuclear facilities. Whatever the scenario, Israel often responds to a perceived threat increase with a strike, as it did on an alleged nuclear site in Syria in 2007.

Jordan's King Abdullah II is reported to have told members of Congress in Washington on Thursday that there is an imminent threat of war in the region. This is further argument for engagement by the U.S. Despite the apparent lack of results so far, the U.S. should continue its efforts to woo Syria away from Tehran. The administration should mediate between Israel and Syria, and should do so with a full diplomatic arsenal. That means the Senate must confirm Robert S. Ford as ambassador to Syria.

THE BIG PICTURE:

New Rules On Terror Custody Being Drafted (LAT)

The Obama administration guidelines aim to help decide whether captured suspects are tried or face indefinite detention, U.S. officials say.

By David S. Cloud And Julian E. Barnes, 7:19 Pm Pdt, April 15, 2010

[Los Angeles Times](#), April 16, 2010

The Obama administration is for the first time drafting classified guidelines to help the government determine whether newly captured terrorism suspects will be prosecuted or held indefinitely without trial, senior U.S. officials said.

The draft document envisions that a small number of suspected terrorists captured in the future could be detained and interrogated in an overseas prison, several of the officials said. At least in the short term, Bagram air base in Afghanistan would be the most likely prison to hold the suspects, they said.

But approval of the guidelines is being delayed, primarily by State Department officials who are concerned that formalizing the rules will lead inevitably to greater use of long-term detention by the administration under conditions similar to those at the Guantanamo Bay prison in Cuba, which President Obama has pledged to close.

The debate over the rules emerged from the task forces set up by Obama to study detainee issues after he signed executive orders last year abolishing many of the practices instituted during the George W. Bush administration. Officials crafting the replacement policies said the government has to rethink how to respond if a senior Al Qaeda member is captured overseas.

"There's a process of working out procedures," a senior official said. The end product will probably be a secret document that "articulates that if tomorrow we capture a person, what do we do with him and how do we make that decision."

The deliberations are also part of a larger internal fight over how far Obama will go in replicating detention practices used by President Bush, a trend that human rights groups and even some officials working in the Obama administration are attempting to halt.

The guidelines were not directly requested by Obama, but senior advisors believe that without them, they might be forced to make a hasty decision on how to handle a captured suspected terrorist.

A former State Department official said that the Obama administration, by not laying out a clear policy for holding terrorism suspects, is resorting to airstrikes and other covert tactics in an effort to kill militants. "We are inadvertently creating incentives for people to be killed rather than captured," said John B. Bellinger III, a State Department legal advisor during the Bush administration. "And that may be why we are seeing relatively few people captured."

Obama administration officials deny that they are opting for killing over capturing, but acknowledge that clearer guidance for how future captives will be handled is needed.

The internal discussions cover not only what types of prisoners will be placed in long-term detention or prosecuted, but also where to hold them, how interrogations will be handled and other issues, the officials said.

Administration officials who are skeptical about the proposed guidelines argue that the government may never encounter a situation in which captured suspected militants would need to be held without trial. Even top Al Qaeda figures could be legally interrogated and then prosecuted, either in civilian or military courts, or turned over to a foreign government, they argue.

There is no need for guidelines, these officials say, until the military or CIA actually captures someone. Spelling out guidelines beforehand will only make it more likely that additional prisoners will be imprisoned without access to U.S. courts, said an official involved.

But officials who favor the new rules, including at the Pentagon, say they will ensure that all options are considered whenever intelligence is developed on the whereabouts of a wanted terrorism suspect.

In those situations, Obama and his advisors would have to decide, sometimes quickly, whether CIA or special operations forces should seek to capture or kill the individual. If a suspect is to be captured, they must decide where he will be held and whether he should be eventually prosecuted.

Until recently, there had been little agreement within the government on where to send a newly captured suspected Al Qaeda member whom the U.S. wanted to interrogate but lacked the evidence to prosecute.

Atty. Gen. Eric H. Holder Jr. alluded to the continuing discussions about detention during congressional testimony Wednesday. Asked hypothetically where a newly captured Al Qaeda member would be detained, he replied: "I think we have to come up with options," but did not elaborate.

A senior official involved in the discussions said the issue of where to hold newly captured prisoners "has been discussed and some conclusions have been reached."

Bagram air base is the most likely location, other officials said, in part because prisoners there do not currently have access to U.S. courts, although that question is being litigated. Other sites also are being considered. Under Supreme Court rulings, if brought to the U.S. or to Guantanamo, a detainee could challenge his detention in U.S. courts.

Without the option of holding prisoners indefinitely outside the United States, the administration has three choices when it locates terrorism suspects: bringing them to the U.S. for prosecution, turning them over to foreign governments, or killing them, using armed drones or other covert methods.

Obama said last year that he might use long-term detention for new terrorism suspects -- a practice initiated by the Bush administration at Guantanamo Bay -- but he has yet to place any new prisoners in Guantanamo or Bagram since taking office.

For future captures, Obama intends to rely more than Bush did on prosecution, in civilian or military courts, while holding long-term detention "in reserve," as one senior official put it.

But the recent captures of several militants with suspected ties to Al Qaeda, including Umar Farouk Abdulmutallab, a Nigerian who allegedly sought to set off a bomb on a flight to Detroit, and Mullah Abdul Ghani Baradar, a senior Taliban military commander captured in Pakistan, highlighted the need for clearer procedures, one congressional official said.

The decision to prosecute Abdulmutallab rather than place him in indefinite detention for interrogation was criticized by Republicans in Congress. Administration officials respond that Abdulmutallab has provided useful intelligence under questioning, even after being designated for prosecution and read his rights against self-incrimination.

In the case of Baradar, Pakistan has kept him in its custody and handled his interrogation, with CIA assistance.

But that arrangement has yielded little useful intelligence so far from Baradar, who is believed to have extensive knowledge of Taliban operations, finances and dealings with Al Qaeda. To some military officials, Baradar's case is an example of why the U.S. should take custody itself of high-level militants who may have useful intelligence.

"Right up until the day Baradar was detained, he was running the war for the Taliban," said a senior military official. But "the value of any intelligence he might have diminishes rapidly each day he is held" by the Pakistanis, the official said.

Officials are guarded about which militants they may choose to hold without trial. Last year, the Justice Department said Al Qaeda members and those who provided "substantial support" to Al Qaeda would be candidates for indefinite detention, a standard meant to show that Obama would be more discriminating than his predecessor about who was held without trial.

The administration has not explained publicly what constitutes providing substantial support to Al Qaeda. "It's case by case," said a senior official.

In practice, officials said, long-term detention probably would not be used for Taliban fighters captured in Afghanistan, who are treated as war prisoners. It also is unlikely to be used for the most senior Al Qaeda leaders, Osama bin Laden and Ayman Zawahiri, who probably would be prosecuted if captured.

david.cloud@latimes.com

julian.barnes@latimes.com

Volcanic Ash Closes European Airports (LAT)

The eruption in Iceland snarls air travel across the northern part of the continent. International flights to and from the U.S. are affected.

By Janet Stobart And Hugo Martin, 2:25 Am Pdt, April 16, 2010

[Los Angeles Times](#), April 16, 2010

An immense plume of volcanic ash cast a silent pall over the skies of Northern Europe on Thursday, grounding air traffic across Britain, Scandinavia and elsewhere, halting flights to and from North America, stranding travelers and isolating much of the continent to an extent that was without precedent in recent memory. 2:20 a.m. UPDATE:

According to the Associated Press, aviation authorities say Ireland has lifted restrictions on most of its airspace and reopened airports. The closure of British airspace was scheduled to last until at least 1 a.m. Saturday local time, with perhaps a few exceptions over Northern Ireland and Scotland. -

The culprit: an Icelandic volcano that could continue spewing grit into the atmosphere for months or years to come, experts said, although presumably without a continuing effect on air traffic. However, geologists said it was impossible to predict the behavior of the Eyjafjallajökull volcano, or the prevailing winds.

The material spewed by the volcano consists of fine, sharp-edged particles of rock and glass, most of them ranging in size from about one-twelfth of an inch in diameter down to about 1/25,000th of an inch, and they are capable of circulating in the upper atmosphere for months. If they are inhaled by humans or animals, they can damage air passages. If they are sucked in by a jet engine, they can shut the engine down.

Eurocontrol, Europe's air traffic control organization, said flights could be disrupted through Saturday. A lack of wind meant the cloud remained dense and was drifting slowly to the east.

Volcanic eruptions "are such a complicated natural phenomenon that almost every one is unique . . . and the amount of ash produced during a given eruption or the length of the eruption is really something that we can't predict," said Earth scientist Olivier Bachmann of the University of Washington.

About 4,000 flights were canceled in Europe on Thursday, said Kyla Evans of Eurocontrol. The number could rise to 6,000 on Friday, she said, plus half of all transatlantic flights.

Airports began closing in Britain at 7 a.m. Thursday as the threatening sulfuric cloud began to reach northern Scotland. Among the first to feel the effect directly were residents of the western Norwegian city of Bergen, who began to complain of a strong sulfuric smell about 1 p.m.

"It's scary that it can spread so far. Just imagine if it had been poisonous," resident Anne Tomte told the Norwegian newspaper BT.

By late afternoon, all airports in Britain, Ireland, Norway, Sweden and Denmark had been shut down. Finland also closed several of its airports. According to Scandinavian airline SAS, nearly three-quarters of its flights, 635 in all, had been canceled.

Cancellations were also reported in northern Germany, Belgium, the Netherlands, Switzerland and France, where the Charles de Gaulle airport in Paris was shut down. Ripples spread worldwide, as flights to Europe were canceled and flights from Europe failed to arrive. Several flights from the United States were forced to turn back.

It was unclear whether the ash cloud might affect plans for President Obama and other world leaders to attend the funeral Sunday of Polish President Lech Kaczynski, killed Saturday in a plane crash in western Russia.

Flights between Europe and North America represented nearly 15% of all international air travel in 2008, according to the International Air Transport Assn., the trade group that represents most major airlines. Flights in and out of Europe represent nearly 32% of all international flights, according to the IATA.

London-to-New York ranks as the second-busiest international route, carrying nearly 4 million passengers annually, according to the IATA. The Los Angeles-to-London route is the third-busiest across the Atlantic, transporting about 1.5 million passengers per year.

Early Thursday, thousands of people in Europe arrived at airports unaware of the situation.

Hayley Bettany, 25, and her fiancé showed up at Britain's Manchester airport with other members of their wedding party for a flight to the Dominican Republic, where the couple planned to marry on the beach. They found an airport that was clogged with about 45,000 people and 300 grounded aircraft. And they saw their wedding plans go up in smoke.

"We've been planning this trip for 16 months. Now a volcano has erupted and spoiled our dream," Bettany told the Times of London.

At Heathrow airport in London, passengers stared at boards on which every flight was listed as canceled. The airport, one of the world's busiest, normally handles 1,200 flights and 180,000 passengers a day.

As the day wore on and passengers learned to stay away, airports became uncharacteristically, eerily deserted. Eurostar, the rail service connecting England to the Continent, reported a surge in inquiries and bookings.

Commentators spoke of Britain being brought back to the 19th century, to the days before air travel. Aviation officials said that a complete shutdown of British airspace had not happened in living memory. Even after the Sept. 11, 2001, terrorist attacks, a no-fly zone was imposed only over central London but not the rest of the country.

The closure of British airspace was scheduled to last until at least 1 p.m. Friday.

"However, be aware that the situation cannot be said to be improving with any certainty," the National Air Traffic Services said late Thursday.

Copenhagen Airport said it would resume flights no earlier than noon Friday. Its closure affected Danes at the highest level: Denmark's Queen Margrethe II was to mark her 70th birthday Friday with a celebration attended by various crowned heads of Europe, but those guests' attendance was thrown into doubt.

A Copenhagen Airport spokesman said the airport was handing out blankets and water to stranded passengers.

"I don't know what's going to happen. My flight has been canceled, and I don't have a phone to call the airline with. I think I'll stay in the airport tonight; I think you can sleep here," 25-year-old Nick Shown of Maine told the Danish newspaper Politiken.

The disruption came just as airlines were beginning to see international passenger numbers rebound from a steep decline that began in late 2008. The direct economic effect of the disruption was hard to gauge because it was unclear Thursday how many cities would be closed to air traffic and for how long, said Steve Lott, a spokesman for the IATA.

But Lott said the closure of key international hubs, including London and Paris, could also hurt travel and tourism across Europe and in the United States.

"The bottom line is when you start closing or restricting European gateways, it has a ripple effect across the world," he said.

According to the U.S. Geological Survey, about 100 aircraft have had problems after encountering ash from previous eruptions, but there have been no fatalities.

janet.stobart@latimes.com

hugo.martin@latimes.com

Times staff writers Ann M. Simmons, Thomas H. Maugh II and Mitchell Landsberg in Los Angeles, Henry Chu in London and special correspondent Helen Hajjaj in Copenhagen contributed to this report.

For Eco-friendly Surfboard Shapers, More Kelp In The Lineup (LAT)

Surfboards have a toxic history, but a San Clemente shaper hopes to improve their 'eco cred' with greener materials.

By Mike Anton

[Los Angeles Times](#), April 16, 2010

Surfing's dirty secret is easy to find in the drab enclave of San Clemente known as the surf ghetto, where the ocean breeze is spiked with the sweet smell of chemicals and men wearing flip-flops and coated with white dust search for magic inside blocks of toxic foam.

Joey Santley is looking for something equally elusive: an environmentally friendly surfboard. Or at least one with a carbon footprint that's less titanic.

"A 'green surfboard' is inherently an oxymoron at this point," said Santley, 44, a frenetic surfboard shaper and entrepreneur. "Hopefully in the future it won't be."

Two years ago, Santley and a partner formed Green Foam Blanks, which makes rigid foam surfboard cores by fusing polyurethane with recycled polyurethane dust gathered from workshops that would otherwise discard it. That yields more boards per ounce of toxic polyurethane. The company recently signed a deal with a leading maker of traditional blanks to manufacture and distribute its product in North America, Japan, Europe and Costa Rica.

Still, this being a start-up, Santley is chief dust collector as well as part-owner.

He darts down a gangway between two nondescript buildings and bounds up the stairs of one of the neighborhood's numerous surfboard factories. Under a whirring cutting machine, he hits gold: a pile of white polyurethane foam shavings as light as Rocky Mountain snow.

"This is like a perfect powder day," Santley said, shoveling the stuff into a trash bag and holding it aloft. "Probably enough for about a dozen boards. And it won't end up in the landfill."

For the committed, surfing is a spiritual enterprise -- a connection with a divine energy unleashed by the interaction of wind, water and ocean-floor geography.

That the appliance surfers use to tap this energy is made from petroleum-based foam, polyester resins and chemically treated fiberglass has long been surfing's quiet contradiction. A broken board tossed in a landfill will take generations to biodegrade; the plastic fins probably never will. Even the thin strip of wood that runs down the middle to provide strength comes at an environmental cost -- a minuscule yield from the raw material it's milled from.

That this is the way most boards have been made for half a century is a reflection of Southern California's home-grown surfboard industry. It's a low-margin business bound by stubborn craft traditions and near-mystical customer expectations of how a surfboard should feel and perform.

In recent years, a wave of experimentation has sought to detoxify surfboards by utilizing materials that suggest the Whole Earth Catalog rather than the Periodic Table of Elements. Hemp, bamboo, kelp and silk instead of fiberglass. Foam made from soy and sugar. Adhesive resins made from linseed, pine and vegetable oils.

But changing the way surfboards are made has proved to be as difficult as riding the pumping winter swell at Pipeline.

"Changing the surfboard industry is like trying to turn an aircraft carrier," said Ned McMahon, 54, a founder of Malama Composites, a San Diego company seeking a niche for its soy-based surfboard blanks. "Surfers are supposed to have this reputation for being free-thinking. . . . But they're really just sheep following leaders."

For most of the last 50 years, the primary sheep herder was Gordon "Grubby" Clark, who along with Hobie Alter pioneered the switch from wood to mass-produced, lightweight foam surfboards.

The irascible Clark perfected the cell structure of his polyurethane blanks, formed by the reaction of liquid chemicals poured by hand into one-of-a-kind molds Clark built himself. They were strong, light and easy to shape.

Clark's take-no-prisoners business tactics -- shutting out competitors by threatening to withhold blanks from shapers who patronized them -- gave him a near-monopoly. Clark Foam became the industry standard.

But Clark's Orange County factory eventually caught the attention of environmental and workplace regulators. At issue was one of the main ingredients in polyurethane foam: toluene diisocyanate, or TDI, a possible carcinogen that can be inhaled and absorbed through the skin. In 2005, Clark -- in his 70s and fearing legal liability -- abruptly closed his business.

"My full-time efforts will be to extract myself from the mess that I have created for myself," he wrote to customers.

Entrepreneurs rushed in to fill the void. Some tried to replicate Clark's formula. Others switched to blanks made from expanded polystyrene, a less toxic, recyclable material used in disposable coffee cups.

The few who have sought to go greener have confronted unanticipated chemistry, entrenched aesthetic preferences and a cool reception from shapers and professional surfers reluctant to fix what they don't consider broken.

Making a performance surfboard -- one that flexes and maneuvers correctly -- is a black art. Shapers work quickly. Their tools and techniques have been refined by years of working with Clark Foam. Straying from the proven material is to risk becoming a voodoo doctor juggling pin cushions.

"The green guys are good guys, but I don't buy it," said Brad Basham, who owns a veritable lumberyard for shapers in San Clemente's surf ghetto -- blanks stacked to the ceiling like rows of shark teeth. "Some of this stuff -- we could work with it, but there were weaknesses. . . . Not great results. . . . Production time goes up. . . . This is a much better deal for the marketing people than for a surfboard maker."

None of this surprises Clark, who decamped to an Oregon ranch where his steel surfboard racks are now used as fencing and chemical tanks hold water for livestock.

"The durability of the product and whether it works well or not" are the most important factors, he said. "You can make an extremely environmentally friendly surfboard, but if no one wants to ride it, it won't sell.

"If you go too far on this green thing, everybody is going to be bodysurfing naked," he added. "That's the ultimate green surfing."

The surfboard business has long been run by surfers who act as if they're chemists or engineers. Most learned their craft in the backyard.

Stu Krupoff and his three partners came to the blanks business from backgrounds in making plastic components for aerospace and medical devices.

"We enjoy water and water sports, but none of us were surfers," said Krupoff, 52. "We're mechanical engineers, and we thought there's got to be a better way to do this."

Not long after Clark Foam closed, Ice-Nine Foam Works opened in Orange. The name is a tongue-in-cheek reference to the fictional material in the Kurt Vonnegut novel "Cat's Cradle" that freezes water at room temperature and, once released, encapsulates the Earth in ice.

The partners spent a year picking the brains of shapers and developing equipment and a foam formula based on sugar-refinery waste. Ice-Nine's "cane blanks" were well-received.

Then summer came and brought Vonnegutian misfortune.

"It just went all sideways on us," Krupoff said.

Ice-Nine's formula didn't respond well to heat. Reports of finished surfboards super-sizing in the hot sun rolled in. What's more, the company's snow-white blanks turned yellow quickly, making new boards look like Dad's hand-me-downs.

A stab at making a more traditional blank came too late. "If you want to play in that game, you have to prove yourself right away," Krupoff said. "We ran out of time and money." Ice-Nine closed last September.

McMahon of Malama Composites traveled the world as a shaper for pro surfers and estimates he has crafted more than 30,000 boards. He saw that most shaping bays are inhabited by men who take a lax approach to workplace safety.

McMahon typically wore a mask while kicking up clouds of dust with his sander. "But I'd be in Brazil and it was hotter than hell and you'd take it off," he said. "Unless you were wearing a space suit, you were being exposed to carcinogens on a deadly level every day."

After experimenting with castor oil, sugar and corn, McMahon's company found that blanks made with soybean oil were as strong and light as conventional foam.

The problem is that soy blanks, like ones made from sugar, turn yellow. And if it's finished with bamboo instead of fiberglass, the coating isn't clear but looks like burlap.

"A huge part of surfing is fashion," McMahon said.

This drives McMahon batty. Nearly as frustrating is the fact that pro surfers, who drive consumer demand, can ride a board once, proclaim it didn't feel right -- and it's back to the drawing board.

"Surfers talk about finding the 'magic board.' But there's no measurable thing in surfing that makes one board better than another. It's an intangible thing, a personal feeling," McMahon said. "I know how to make surfboards and I'm telling you, with alternative materials I can make as good or better a surfboard than we made during the Clark Foam era."

Malama Composites has made about 10,000 blanks over the last three years -- a drop in the ocean considering that 740,000 surfboards a year are sold in the U.S. The vast majority of its blanks have gone to "backyard guys" who make boards on demand and are eager to sell the eco-friendly cred. The big manufacturers remain skeptical.

To survive, Malama shifted its focus to marketing its foam for industrial uses, including wind turbine blades, airline cargo containers and construction.

It's not as sexy as making surfboards. But there's no such thing as a magic cargo container.

mike.anton@latimes.com

LAX Hopes To Give Taste Buds Quite A Ride (LAT)

The airport plans to upgrade concessions to reflect the diverse, top-drawer cuisine of L.A. New shops and other services are all part of the plan too. A spa, anyone?

By Dan Weikel And Betty Hallock

[Los Angeles Times](#), April 16, 2010

Can Los Angeles' world-class culinary magic bring new spice to the drab corridors of LAX? City leaders are about to find out.

This week airport officials began unveiling a long-awaited series of bids to replace the dated fast-food restaurants and retail shops that for years have greeted travelers at Los Angeles International Airport.

In their place, they hope to highlight some of the city's most renowned chefs and make the first L.A. experience of tourists and business executives more than a mad dash for planes, bags and taxis.

Inside Terminal 7, chef Nancy Silverton would like to open Spuntino, an Italian snack bar where passengers would nosh on focaccia, cured meats, and pressed sandwiches with bread from La Brea Bakery.

"I want to avoid the cheesiness of what we think of as fast food," Silverton said. "Quick doesn't have to mean bad."

Bertha's Soul Food, one of the oldest establishments of its type of Los Angeles, is ready to start cookin' in Terminal 4.

For lighter fare, coffee and tasty beignets would be offered at the L.A. Mill, whose owner has partnered with chef Michael Mina. Travelers also might be able to buy freshly baked pastries from the reformed gang members at Homeboy Industries, founded by Father Gregory Boyle, or decompress in a terminal spa before or after their flights.

At LAX on Thursday, John Andreshias, a 52-year-old sales executive, said he welcomed the overhaul. He was waiting for his flight in Terminal 4, where the dining options included a Chili's Too and a Burger King.

"It's good to get rid of some of the chains," Andreshias said. "I want more opportunity than a greasy chicken sandwich or a greasy burger."

The proposals come from a variety of companies and entrepreneurs vying for 10 coveted food, beverage and retail contracts that involve 42 locations inside the third-busiest commercial airport in the nation -- one with a reputation for being not so passenger-friendly.

On Thursday, LAX officials unveiled the contenders that airport staff has recommended for contracts after evaluating competitive bids.

If approved by airport commissioners and the City Council in the weeks ahead, the new contracts would represent a dramatic change for an airport whose officials were once reluctant to turn LAX into anything resembling a shopping mall.

"The goal is to have some real capital improvements, make our concessions more physically attractive, increase revenue and give the airport the feel of L.A.," said Alan Rothenberg, president of the Board of Airport Commissioners.

Rothenberg and other airport leaders hope the first overhaul of LAX concessions since 1995 will help reverse the airport's sagging reputation among travelers, who have repeatedly griped about mediocre dining, aging terminals, traffic congestion and long security lines.

For years, the public has rated the airport average or below average in consumer questionnaires. In the latest J.D. Power survey of airport quality, passengers ranked LAX 19th out of the 20 largest airports in the United States. The restaurants, fast-food outlets and beverage stands were given two stars out of five.

"This is a great thing," said Kathy Briski, president-elect of the Los Angeles Business Travel Assn., who flies out of LAX weekly. "I'd like to have something more than Starbucks for breakfast."

Within the next few weeks, airport commissioners will begin selecting the restaurateurs and retailers for Terminals 4, 5, 7 and 8. Bidding for Terminals 1, 2, 3, and 6 is expected in the months ahead. The Tom Bradley International Terminal will be addressed later.

Among recommended contenders are Areas USA, the Miami-based subsidiary of a Spanish company that serves 73 airports around the globe; a joint venture involving former Lakers star Magic Johnson; XpresSpa, which operates spas at 14 major airports; SSP America Inc., whose parent company serves hundreds of airports and railroad stations in 34 countries; and THS/Marbella Food Service Partnership IV.

Gone from the preferred list or relegated to smaller roles in the current bids are HMS Host Corp., Delaware North Cos. and the Hudson Group, the master concessionaires that held long-term contracts to manage nearly all the airport's beverage, food and retail outlets.

These companies provided the airport with well-known brands such as Wolfgang Puck, Karl Strauss and California Pizza Kitchen, but those concessions, LAX officials say, are almost 15 years old.

Airport leaders now want more options and better food in a setting that appeals to the 57 million airline passengers that use LAX annually.

"The airport needs upgrades and change; this is what we represent," said Xavier Rabell, chief executive officer of Areas USA. "We will bring the right mix of local concepts, innovation, variety and sense of place to LAX so people can see what Los Angeles is all about."

Each finalist has put together a package of restaurants, fast-food outlets, beverage stands, travel services and retail stores. Their offerings include 27 restaurants -- 12 from Los Angeles and 10 from other areas of Southern California.

The list of proposed restaurants is a microcosm of the local dining scene, from big names such as Silverton, who co-owns Hollywood's Pizzeria Mozza and Osteria Mozza with celebrity chef Mario Batali, to small businesses such as the Westside's Buttercake Bakery, which specializes in buttercream-smeared cupcakes.

"We endeavored to bring the names, the icons in the culinary world of Los Angeles," says Pat Carroll, vice president of brands and concepts for SSP America, whose bid includes 15 restaurants and concessions -- more than half of the potential new restaurants that could arrive at LAX by 2011.

Other possibilities include Geisha House, M Cafe de Chaya, Border Grill Taqueria from chef Susan Feniger, Koreatown favorite Park's Bar-B-Q, Joachim Splichal's Market Cafe and Nick + Stef's Steakhouse, 25 Degrees, Groundwork Coffee, Panda Express and Peet's Coffee & Tea.

Travelers in Terminal 5 might pick up empanadas and tortas courtesy of La Serenata de Garibaldi, a well-known Boyle Heights restaurant. Co-owner Jorge Rodriguez says his brother, chef Jose Rodriguez, has already created two new salsas for the occasion, habanero papaya and almond raspberry habanero.

"They call him the master of salsas in Los Angeles," Rodriguez said.

Rod White, the current owner of 45-year-old Bertha's Soul Food, is no less excited at the prospect of opening an outpost in the Delta Air Lines terminal. "The southern route," he quipped.

"For us to be able to say you're going to take oxtails, take greens, take macaroni and cheese on the plane with you, it's historic," White said. "Now, for the very first time, African American cuisine will be represented at LAX. That's a godsend."

dan.weikel@latimes.com

betty.hallock@latimes.com

Tech Sector In Hiring Drive (WSJ)

Google, Intel Add Workers as Profits Snap Back; Start-Ups Also Fight for Talent

By Cari Tuna, Jessica E. Vascellaro And Pui-wing Tam

[Wall Street Journal](#), April 16, 2010

The technology industry, an engine of innovation and U.S. prosperity for more than half a century, is accelerating its recovery from the recession with surging earnings that have spurred companies to sharply ramp up their hiring.

The latest evidence for the rebound came Thursday, when Internet giant Google Inc. posted a 37% profit jump for the first quarter and chip maker Advanced Micro Devices Inc. reported a 34% revenue increase to record levels. The results follow the strong showing of bellwether Intel Corp., which Tuesday announced quarterly profit that nearly quadrupled on a 44% jump in sales (Please see related articles on page B7.)

The trio of results kicks off what is likely to be a strong earnings streak as tech spending by companies and consumers picks up. Standard & Poor's forecasts a 79% increase in tech earnings for the quarter from year-ago levels.

The growth has reached a level where tech companies are pushing to hire again, in some cases engaging in heated competition for talent. That's a turnabout for the industry, which had a series of layoffs last year, when some tech giants-notably Microsoft Corp.-had mass layoffs for the first time.

The hiring ramp-up began late last year, with demand for tech goods and services stabilizing after months of declines. At the time, Google Chief Executive Eric Schmidt said the Mountain View, Calif., company was ready to spend again, including on new recruits. On Thursday, Google said it hired 786 new employees in the first quarter and was just getting started.

"We expect to continue hiring aggressively through the year," said Google Chief Financial Officer Patrick Pichette on a call with analysts. "We have a strong pipeline of candidates primarily focused on engineering and sales, and we are on-boarding them to fuel our growth agenda as fast as possible."

Earlier this week Intel disclosed plans for what it called its first substantial hiring in five years. The company expects to hire 1,000 to 2,000 people in 2010, an Intel spokeswoman said. The Santa Clara, Calif., chip maker, which has trimmed about 20,000 workers from its payrolls since 2006, ended 2009 with 79,800 employees.

Cisco Systems Inc. in February said it plans to hire between 2,000 and 3,000 workers, after adding 2,100 employees in the three months ended Jan. 23, mostly through acquisitions. In total, the networking-gear maker employs about 66,000 workers.

The hiring isn't limited to tech behemoths, with smaller Silicon Valley companies also diving headlong into the race for people. Twitter Inc. has added about 125 employees since last May for a total of 170, and will continue ramping up, said Chief Executive Evan Williams this week. The San Francisco company, which relocated to a new headquarters last year, will have to move again in the next year or so, he added.

Social-networking company LinkedIn Corp. said it recruited 184 people last year to bring its work force to around 500 people, with most of that hiring done in the fourth quarter. The company has hired an additional 154 people so far this year.

"It's a very competitive job market," said Steve Cadigan, LinkedIn's vice president of people operations, who added that the company is targeting an additional 300 hires this year.

In an indicator of the growing demand, tech-jobs Web site Dice.com said it now lists more than 62,000 tech positions nationwide, up nearly 22% from 51,000 a year earlier. Year-over-year growth in tech-job listings picked up in March, the first time job listings rose on an annual basis since December 2007, according to Dice.

The demand has turned some hires into all-out bidding wars again, reminiscent of last decade's tech boom. Sam Shah, 30 years old, a San Francisco resident and computer science Ph.D., began job-hunting in February. Within a week, he says he had job offers from five Internet companies including LinkedIn.

"I interviewed on a Friday and had an offer by Tuesday," Mr. Shah says. When he accepted LinkedIn's offer to become a senior software engineer, he says the other companies "called me again and offered more money." Mr. Shah, who says he makes more than \$120,000 a year, started with LinkedIn in late March.

Many tech companies continue to shed some jobs while adding in other categories. Oracle Corp. is cutting some workers as it integrates its acquisition of Sun Microsystems but is also hiring 2,000 employees "to beef up the Sun businesses," said CEO Larry Ellison in January. Hewlett-Packard Co. Chief Executive Mark Hurd has said he plans to add to the company's salesforce even as it has cut some jobs following acquisitions such as Electronic Data Systems; H-P had 304,000 employees as of last October, down from around 321,000 a year earlier.

The tech hiring contrasts with a relatively weak U.S. labor market, with the national unemployment rate holding steady at 9.7% in March. Few other major employers have reported plans to add or call back workers. On Wednesday, J.P. Morgan Chase & Co. said it plans to hire nearly 9,000 U.S. employees, and CSX Corp., a major U.S. rail company, said it is calling back furloughed workers and even hiring new employees in some locations.

The recovery in the tech industry is broad, touching a diverse set of products and services from personal computers to online advertising. On Wednesday, research firms Gartner and IDC said global PC sales jumped more than 24% in the first quarter as consumers and businesses got back into the buying game.

Internet ad-spending rebounded late last year after some slow months, with fourth-quarter spending rising 2.6% from a year ago to \$6.3 billion, according to a report this month from PricewaterhouseCoopers and the Interactive Advertising Bureau.

"The tech recovery has started in the U.S. and around the world," says Andrew Bartels, an analyst at Forrester Research. He estimates the U.S. technology market will increase 8.4% this year to \$550 billion after shrinking 7.9% in 2009.

And the momentum isn't dependent on just companies and consumers beginning to spend again on tech categories they had cut back on. Newer tech products such as videoconferencing systems and electronic medical records are also gaining traction. "That means this tech recovery has legs," says Mr. Bartels.

Google's results demonstrate why tech hiring has ramped up. The company's Internet-ad business continued to improve during the first quarter as advertisers increased spending across geographies and products.

Overall, Google's revenue rose to \$6.77 billion from \$5.51 billion a year ago, with net income jumping to \$1.96 billion from \$1.42 billion a year earlier. The revenue growth of 23% was the fastest year-over-year growth since the third quarter of 2008.

While the results were slightly better than analysts expected, some of the expectations had been built into Google's stock. The shares fell 4.6%, or \$27.24, to \$568.06 in after-hours trading on the Nasdaq Stock Market.

Analysts also expressed concerns about online-ad pricing, which has been under pressure as Google expands into new geographies. Google's average cost-per-click rose 7% from a year ago and fell 4% from the fourth quarter, when the closely watched metric grew 5% year-over-year.

Mr. Pichette led the analyst call in lieu of Google CEO Mr. Schmidt, who he said would no longer participate in the calls in the interest of "streamlining." Mr. Pichette added that improving market conditions were fueling Google's desire to expand and that the company had a "strong M&A pipeline in place." -Don Clark

contributed to this article.

Tragic Flaw: Graft Feeds Greek Crisis (WSJ)

By Marcus Walker

[Wall Street Journal](#), April 16, 2010

ATHENS—Behind the budget crisis roiling Greece lies a riddle: Why does the state spend so lavishly but collect taxes so poorly? Many Greeks say the answer needs only two words: fakelaki and rousfeti.

Fakelaki is the Greek for "little envelopes," the bribes that affect everyone from hospital patients to fishmongers. Rousfeti means expensive political favors, which pervade everything from hiring teachers to property deals with Greek Orthodox monks. Together, these traditions of corruption and cronyism have produced a state that is both bloated and malnourished, and a crisis of confidence that is shaking all of Europe.

A study to be published in coming weeks by the Washington-based Brookings Institution finds that bribery, patronage and other public corruption are major contributors to the country's ballooning debt, depriving the Greek state each year of the equivalent of at least 8% of its gross domestic product, or more than \$20 billion (about \$27 billion).

"Our basic problem is systemic corruption," Greece's Prime Minister George Papandreou said after he took office late last year, vowing to change a mentality that views the republic as a resource to plunder. He later berated the chief of public prosecutions, saying Greeks believe "there is impunity in this country." The chief prosecutor said that wasn't so.

Greece moved closer to a bailout Thursday, requesting aid talks with the International Monetary Fund and the European Union. Many investors and economists say aid would buy Greece time, but wouldn't solve its underlying problems.

The Brookings study, which examines the correlation between corruption indicators and fiscal deficits across 40 developed or nearly developed economies, highlights how corruption has hurt public finances in parts of Europe, especially in Greece and Italy, and to a lesser extent in Spain and Portugal.

Greece's budget deficit averaged around 6.5% of GDP over the past five years, including a 13% shortfall last year. If Greece's public sector were as clean and transparent as Sweden's or the Netherlands', the country might have posted budget surpluses over the past decade, the study implies.

"If Greece had better control of corruption—not to Swedish standards, but even at Spain's level—it would have had a smaller budget deficit by 4% of gross domestic product," on average over the past five years, says Daniel Kaufmann, senior fellow at Brookings and the study's author.

Greece places last in the 16-nation euro zone in a ranking by World Bank researchers of how well countries control corruption, and last in the 27-nation European Union, tied with Bulgaria and Romania, in corruption-watchdog group Transparency International's survey of countries' perceived graft.

Last year, 13.5% of Greek households paid a bribe, \$1,355 on average, according to a Transparency survey published last month. Ordinary citizens hand out cash-filled envelopes to get driver's licenses, doctor's appointments and building permits, or to reduce their tax bills, according to the organization's Greek chapter.

In the past three years alone, senior politicians have resigned or been investigated over allegations that include taking bribes for awarding contracts, employing illegal workers and selling overpriced bonds to public pension funds.

In 2008 senior government officials were accused of helping a politically connected Greek Orthodox monastery claim ownership of a lake, then swap it for a large portfolio of public land at valuations that favored the monks, but lost over \$100 million for taxpayers, according to investigators. The scandal contributed to Greek conservatives' election defeat last fall.

Corruption undermines public finances in myriad ways. Cheating the government, especially on taxes, is widespread. Government-procurement bribery and political patronage bloat government spending. And pervasive petty bribery erodes the state's authority over taxpayers.

"The core of the problem is that we don't have a culture of civic society," says Stavros Katsios, a professor at Greece's Ionian University who specializes in economic crime. "In Greece, complying with the rules is a matter of dishonor. They call you stupid if you follow the rules."

Mr. Papandreou's measures to fight graft include centralizing data on tax collection, speeding up investigations, curtailing public-sector hiring, simplifying the bureaucracy and publishing all spending-related decisions online. Political analysts say the steps are sensible, but don't go far enough. Some warn that public-sector pay cuts could even lead to more bribe-taking.

Mr. Papandreou has railed against corruption in the state health sector, where demands for bribes have put operations out of reach for some Greeks. Stents for heart operations, for example, cost up to five times as much in Greece as in Germany, Mr. Papandreou says, blaming kickbacks that grease procurement in hospitals.

Cases of corruption in public procurement are rarely resolved, thanks to a slow-moving justice system that deters people who have paid bribes from becoming witnesses. Politicians have escaped corruption charges because probes often are held up in parliament until a statute of limitations expires.

In 2007, the government was found to have sold billions of euros in overpriced, complex securities to public pension funds, resulting in large losses at the funds. Shortfalls have to be covered by the government, worsening the budget deficit.

Following a public outcry, a state commission on money laundering probed some of the transactions, concluding that there were "clear indications" of bribery, tax evasion and other wrongdoing by Greek officials.

The public prosecutors' office, however, dismissed the findings because the report was signed only by the head of the money-laundering commission, not by every member. The head of the commission was ousted.

Some bribery cases have come to light because foreign companies' dealings in Greece were investigated abroad.

A U.K. court on Wednesday jailed a former executive of medical-goods supplier DePuy International Ltd., a unit of Johnson & Johnson, for channeling ?4.5 million (\$7 million) in bribes to Greek surgeons. The bribes helped DePuy win contracts to supply orthopedic goods at prices that were roughly twice the European average, according to the U.K.'s Serious Fraud Office, which noted that Greek taxpayers were the victims. DePuy says it has cooperated with the authorities and that the payments violated company policies.

Investigators elsewhere in Europe discovered in 2006 that German engineering giant Siemens AG was funneling money to Greek officials, triggering a world-wide Siemens scandal. German court records indicate Siemens bribed politicians from both of Greece's major parties, but none have been prosecuted in Greece. Siemens has admitted that it ran slush funds in dozens of countries.

In Greece, as in other countries, corruption hurts the public finances in many ways, say Brookings's Mr. Kaufmann and other analysts.

A rotten system of tax inspections, helped by an opaque tax code, allows individuals and companies to bribe inspectors and evade taxes. Massive overstaffing in public administration, the result of decades of both major political parties creating unnecessary posts for their supporters, saddles the state with a high wage bill.

Nontransparent public-contracting practices allow bribery and favoritism to flourish, leading to inflated costs. Poor accounting at public entities hides malfeasance, as well as the true state of national finances.

The public perception that everyone's on the take has left many Greeks believing that it's morally acceptable to defraud the public coffers. Mr. Papandreou said last month that many Greeks ask themselves: "If politicians are corrupt, if there is corruption, why should I pay my taxes? I don't know where my money is going."

One-quarter of all taxes owed in Greece aren't paid, says Friedrich Schneider, an economist at Austria's Linz University who studies tax evasion around the world. He estimates that around one-third of that is due to bribery. "You split your tax payment with the tax inspectors, and you get a discount," he says.

A senior government official says some tax offices operate a "4-4-2 system," a reference to soccer tactics. If an individual or company owes ?10,000 in taxes, they slip ?4,000 to the inspector, keep ?4,000, and pay ?2,000 to the state.

That helps explain why, in a developed country of 11 million people, only around 15,000 individuals declare an annual income of over ?100,000, according to Greece's finance minister.

Tax collection frequently declines sharply in the run-up to elections, partly because politicians try to curry favor with voters by relaxing enforcement, according to a study by two Greek economists.

The increase in last year's projected budget deficit from 6% before October's elections to around 13% a few weeks later can be explained in part by falling tax revenues in the preceding months, says Nikos Christodoulakis, one of the study's authors, who was Greece's finance minister early last decade.

The cost of patronage in the public sector, which many politicians say is pervasive, is harder to quantify.

"If you can employ any of your voters in the public service, you'll do that," said Mr. Papandreou in a recent interview, describing the political culture he's trying to change.

Under Greece's electoral system, voters in each district choose multiple deputies, so candidates compete against party colleagues as well as the opposition.

"Instead of running on their party's policies, they give promises as to what they will do for their voters: 'When I'm in government, I will make sure your daughter gets hired somewhere,'" says Stefanos Manos, a former finance minister.

Hiring to public-administration jobs surged last year as the right-leaning government struggled to restore its popularity in the face of scandals and economic slowdown. In the month before the fall election, the government added 27,000 people to the public payroll. Many had no position to fill, and not even an office to go to, according to finance ministry officials.

Cutting the civil-service rolls will be difficult. Under Greece's constitution, permanent government staffers enjoy guaranteed jobs for life.

"At the moment there is nobody who can tell you how many people work for the Greek public sector," says Diomidis Spinellis, a university professor who joined the government in October, and who is trying to gather that information.

The school system is notoriously bloated. For years, the education ministry hired new teachers even if they weren't needed, says John Panaretos, a cabinet minister tasked with making the government more transparent. Greece's 180,000 teachers give it one of the world's best teacher-student ratios. But numbers can be deceptive, Mr. Panaretos says, noting that about 20,000 teachers are in administration because there are no classrooms for them.

Elsewhere, schools are overstaffed. One small school on a tiny island was found to have 15 physical-education teachers, while another had more teachers than students, Mr. Panaretos says.

Government officials say the health-care system is a hotbed of corrupt procurement. Many hospitals don't use proper accounting, making it hard to supervise purchases, they say.

Partly as a result, public hospitals ran up billions of euros in suppliers' bills they couldn't pay in recent years. The previous government understated those liabilities by more than ?5 billion when it gave European authorities an overly optimistic budget forecast last fall, according to the new government, contributing to the massive revision of Greece's deficit after October's election.

Greeks who choose to fight back against corruption can find the going rough. George Theodoridis's family business imports fresh fish from Turkey. He had to pay bribes for years to a government veterinarian, who threatened to deem the fish unfit for import.

When the Theodoridis family wanted to start importing oysters, the vet upped her price, demanding ?30,000 for the permit and ?2,000 per delivery. "She also told us to buy from specific Turkish companies," Mr. Theodoridis says.

The fish trader complained to the agriculture ministry early last year. He got no action.

In November, Mr. Theodoridis had a stroke of luck. The new deputy agriculture minister, long-time anticorruption activist Michael Karchimakis, took an interest in the case. The vet was fired, convicted and fined.

Mr. Theodoridis says his happy outcome is unusual. His wife works at the agriculture ministry and helped get him access to the right people. "Imagine what it is like for people who don't have connections," he says. -Alkman Granitsas contributed to this article.

Troubles Mount For Ex-Car Czar (WSJ)

By Peter Lattman

[Wall Street Journal](#), April 16, 2010

Steven Rattner, the famed Wall Street deal maker and former Obama administration car czar, came under fire from his long-time business partners for what they called "unethical" efforts to win a \$100 million investment for their private-equity firm, Quadrangle Group.

Quadrangle made the accusations against Mr. Rattner as part of a settlement with the New York Attorney General and the Securities and Exchange Commission, in which the firm agreed to pay a \$12 million fine to settle civil charges concerning its 2004 effort to win business from the New York State pension fund, one of the nation's largest.

Quadrangle was accused of improperly paying off a political operative and helping the brother of a pension-fund official distribute "Chooch," a low-budget comedy about hapless Italian-American buddies getting into trouble on vacation in Mexico. No current Quadrangle employees were involved in the allegations, and the firm has cooperated fully in the probe.

The matter has cast a cloud over Mr. Rattner, who returned to New York last summer after a five-month stint in Washington leading the Obama administration's restructuring of the U.S. auto industry. It has also been an albatross for New York-based Quadrangle, which now puts this case behind it as it prepares for its annual investor meeting next week.

New York's "pay to play" probe has since spilled into other states. Authorities in California and New Mexico are probing the investment activities of public funds there.

Mr. Rattner, 57 years old, is one of the most prominent individuals to figure in the probe. He remains under investigation and has been in settlement talks with both the office of New York Attorney General Andrew Cuomo and the SEC over his role in the case, according to people familiar with the case. He hasn't been accused of wrongdoing.

Mr. Rattner's lawyer, Jamie Gorelick, said in a statement: "Mr. Rattner does not agree with the characterization of events released today, including those contained in Quadrangle's statement."

The harsh words from his ex-partners at Quadrangle show the bitter split within the high-profile New York private-equity firm Mr. Rattner co-founded a decade ago. "We wholly disavow the conduct engaged in by Steve Rattner," the firm said in its statement, which was included as part of the New York Attorney General's press release.

Mr. Rattner left the firm in February 2009 to become car czar as Quadrangle was struggling through the depths of the financial crisis and dealing with the government investigation.

The developments are the latest in a three-year investigation into alleged kickbacks paid by money-management firms to secure investments from the New York state pension fund. A number of large private-equity funds, including the Carlyle Group, have made settlement payments related to the probe.

The regulators' concern: The pension fund's choice of money managers was guided by improper influence-peddling rather than merit.

The probe concerns whether people with ties to New York State's pension fund pressured money managers like Mr. Rattner to pay kickbacks to win business from the now-\$129 billion fund. The investigation has led to six guilty pleas.

The SEC complaint, which was filed Thursday alongside the settlement, offered a detailed picture of the role Mr. Rattner allegedly played in trying to win the pension fund's business. The complaint refers to a former senior executive at Quadrangle who people familiar with the matter say is Mr. Rattner.

It chronicled his effort to secure a DVD distribution deal for "Chooch," a movie produced by the brother of a top pension-fund official. Mr. Rattner allegedly pressed a Quadrangle-owned company to cut a deal for the film even though the company's chief executive was inclined "to take a pass," according to the SEC court filing.

Mr. Rattner also allegedly arranged for Quadrangle to pay about \$1 million to a political operative to help the firm secure a \$100 million investment from the pension fund, according to court filings.

Mr. Rattner's name first surfaced in the investigation a year ago after Mr. Cuomo's office and the SEC filed charges against the former chief investment officer of the pension fund and Hank Morris, a top political consultant to the fund's controller.

Authorities alleged that executives paid millions of dollars in improper finder's fees to Mr. Morris and others to become eligible for the pension fund's business. Charges are pending against Mr. Morris, who through his lawyer has maintained his innocence.

On Thursday, New York State Comptroller Thomas DiNapoli expressed outrage at the allegations of misconduct at the state pension fund. "I inherited a mess," he said. "I have thoroughly and methodically evaluated and reformed the operations and investment policies of the Pension Fund."

Mr. Rattner's interactions with Mr. Morris, whom he knew through Democratic political circles, are under scrutiny in the case. According to the SEC's complaint, at Mr. Morris's urging, Mr. Rattner tried to help the brother of David Loglisci, the former chief investment officer of the New York fund, produce "Chooch."

First, Mr. Rattner allegedly tried, unsuccessfully, to help secure a theatrical distribution deal. A year later, Mr. Rattner sought to arrange a DVD distribution deal through GT Brands, a Quadrangle-controlled media company. The chief executive of GT Brands emailed Mr. Rattner and told him he was inclined to "take a pass" on distributing Chooch on DVD, according to the complaint.

Mr. Loglisci's brother allegedly complained to Mr. Rattner, who in turn warned the GT Brands CEO to treat Mr. Loglisci's sibling "carefully" because Quadrangle was trying to obtain a pension-fund investment, says the complaint. This allegedly resulted in another meeting between GT Brands and Mr. Loglisci's brother, although it still didn't result in a deal.

At that point, Mr. Rattner instructed the CEO of GT Brands to "dance along" with Mr. Loglisci's brother while Mr. Rattner determined whether Quadrangle "needed" to do a distribution deal to get an investment from the pension fund, according to the SEC. GT Brands eventually offered to manufacture and distribute the "Chooch" DVD at a discount to its typical fee, an arrangement approved by Mr. Rattner, the complaint says.

Several weeks later, Mr. Rattner was informed by Mr. Loglisci that Quadrangle was to receive a \$100 million investment from the pension fund, the SEC says. Quadrangle paid Mr. Morris the \$1 million finder's fee.

Mr. Loglisci pleaded guilty last month to a felony charge and is cooperating in the case.

He admitted that he had "effectively ceded" his authority over the fund's private-equity investment decisions to Mr. Morris, a former top New York political adviser.

Since Mr. Rattner departed, Quadrangle now focuses on private-equity funds. New York City Mayor Michael Bloomberg, one of Mr. Rattner's closest friends, recently shifted roughly \$5 billion from Quadrangle into a new investment firm managed by former Quadrangle employees not involved in the allegations. A spokesman for Mr. Bloomberg has said his decision had nothing to do with the probe.

If You're A Tall Vegan Named Zolp, Your Tuition Worries Are Over (WSJ)

Students Scramble for Zany Scholarships; Duct Tape Prom Dress Scores \$3,000 Prize

By Jilian Mincer

[Wall Street Journal](#), April 16, 2010

For two Colorado students, duct tape helped seal dreams of a college education.

As part of a scholarship competition, Izzy Bristow and John Dyer used nearly 40 rolls of the tacky stuff to create off-the-wall fashions: prom suits and gowns in royal blue. The shiny adhesive outfits—hers with a detachable peacock-patterned collar—took 90 hours to construct and netted them \$3,000 each as winners of the "Stuck at Prom Scholarship Contest" sponsored by marketers of the Duck brand tape.

"I was shocked," says Ms. Bristow, who is now a freshman studying costume design at Western Oregon University. "But it was pretty cool to know that I could do something other than write an essay to get a scholarship."

While a few thousand bucks may barely put a dent in annual college tuition costs these days, plenty of strapped students are chasing down obscure micro-grants-scholarships with requirements that are nonacademic, and sometimes downright bizarre.

Intrepid types can find awards for vegetarians, nudists or so-so students with creative abilities. Some grants require a special knack for sewing or playing the bagpipes; others can only be secured by fate, such as having a particular last name or a towering physique.

The Tall Clubs International gives grants of \$1,000 to men who stand at least 6'2" or women 5'10" and over.

Applicants need to have good grades, write an essay about "What Being Tall Means" and offer proof of their height. To satisfy the main requirement, most applicants submit to a measuring session at one of the club's local chapters.

The food industry serves up a smorgasbord of offerings. The National Potato Council provides a \$5,000 award to a graduate student pursuing curricula in agribusiness "which enhance the potato industry," according to contest rules.

The Scholar Athlete Milk Mustache of the Year (SAMMY) hands 25 students scholarships in the amount of \$7,500 each, plus a trip to Disney World and the chance to star in a "Got Milk?" mustache ad.

Thousands of American individuals, associations, foundations and corporations pony up more than \$3 billion in private scholarships each year, according to Mark Kantrowitz, publisher of FastWeb.com, a Web guide to scholarships.

These include prestigious awards such as National Merit scholarships and other traditional prizes.

More offbeat aid tracked by Mr. Kantrowitz starts out at about \$250 and can reach tens of thousands of dollars.

"These scholarships won't determine whether someone attends a school, but it alleviates some of the financial strain," says Tony Pals, a spokesman for the National Association of Independent Colleges and Universities.

"Thinking that you're going to win a free ride is unrealistic," adds Mr. Kantrowitz. "But students who excel at something usually have success."

Claire Askew, 19, of Lenexa, Kan., had fallen in love with Lewis & Clark during a family trip to Portland, Oregon. But even with generous financial aid from the school, she figured "there was no way" she could afford the annual tuition and fees of about \$45,000.

Each night she prowled the Internet for college cash. After sending off several applications and essays, she scored \$4,000 from the Potawatomi Indian tribe, of which she is a member. She also managed to impress the Vegetarian Resource Group, a nonprofit educational organization that awarded her \$5,000 for a book she had written in high school about being a teenage vegan.

Having a green palate wasn't enough, stresses Jeannie McStay, outreach coordinator for the group, which provides two scholarships a year. The funds, she says, come from an anonymous donor who wants to reward applicants who have promoted vegetarianism at school or in their community.

Unusual skills and talents can put matriculants over the top. Andrew Bova, 21, of Perrysburg, Ohio, began playing bagpipes when he was 12. With only a few U.S. schools offering a degree program in bagpipe performance, he was keen to attend Carnegie Mellon University. He caught his breath after landing a place in the music program, as well as the school's Lewis W. Davidson Bagpipe Memorial Scholarship, worth \$7,000 a year.

The money will reduce his debt load, says Mr. Bova, who is mindful of his future income prospects. "I'll be happy as a bagpiper but God knows I'll never be driving a Porsche," he says.

At some schools, there's plenty in a name. Loyola University Chicago offers tuition scholarships to Catholic students with the last name of Zolp. No cheating—the school requires a birth certificate and a baptismal or confirmation certificate. The scholarship was a bequest from Fr. William Zolp, who took classes at the campus but didn't pursue a degree. For the 2009 academic year, the school doled out \$25,000 to two Zolps.

"I had heard about all sorts of wacky scholarships, but this topped the list," says Lindsey Zolp, 21, a senior who is a Zolp fund beneficiary. As a kid, she recalls how her last name automatically put her at the back of most lines. "I hated being a 'Z'," she says. "But I guess it paid off."

North Carolina State University in Raleigh, N.C., has had a disproportionate number of students named Gatlin or Gatling. That's because John Gatling, a successful businessman, bequeathed to his alma mater funds for such scholarships, which ramped up in 1979. Those born with either spelling are eligible for the grants, which typically average about \$14,000 a year.

Conas Gatlin, who has two college-age sons, learned about the program while chatting with a relative at a family reunion. "I thought, 'Surely he isn't serious?' " recalls Ms. Gatlin.

After checking online and with the college, she discovered it was indeed for real. Her sons, Jonathan and Joshua, applied to the school and were granted both admission and Gatlin gifts. As a result, the Houston-area family was able to avoid taking out loans.

When Ms. Gatlin tells others about her family's good fortune, she says some people ask, "Can you adopt my child?"

Volcano Ash To Cause Europe Flight Disruptions To Worsen (USAT)

By Charisse Jones, Usa Today

[USA Today](#), April 16, 2010

NEW YORK - Ice chunks the size of houses tumbled down from a volcano in Iceland as hot gases melted a glacier, and the skies over Europe remained eerily quiet for a second day Friday as thousands of planes stayed on the tarmac to avoid volcanic ash.

Eurocontrol, the European air traffic agency, said there would be no relief Friday from the massive flight disruptions that have upended travel in Europe and reverberated throughout the world. In fact, it said disruptions would be even worse than Thursday - when over half a dozen European nations closed their air space - and the delays would continue into Saturday.

"We expect around 11,000 flights to take place today in European airspace. On a normal day, we would expect 28,000," said Kyla Evans, a spokeswoman for Eurocontrol. "The cloud of volcanic ash is continuing to move east and southeast."

No more than 120 trans-Atlantic flights reached European airports Friday morning, compared to 300 on a normal day, she added.

Fearing that microscopic particles of highly abrasive hash could endanger passengers by causing aircraft engines to fail, authorities shut down air space over Britain, Ireland, Denmark, Norway, Sweden, Finland and Belgium. That halted flights at Europe's two busiest airports - Heathrow in London and Charles de Gaulle airport in Paris, as well as dozens of other airports, 24 in France alone.

As the cloud moved east, flights were halted Friday at Frankfurt airport, Europe's third-busiest terminal, and at 10 other German airports including Duesseldorf, Berlin, Hamburg and Cologne. Poland expanded its no-fly zone to most of the country, excluding the southern cities of Krakow and Rzeszow.

The ash is spewing from a volcano beneath Iceland's Eyjafjallajokull (ay-yah-FYAH'-plah-yer-kuh-duhl) glacier, which began erupting Wednesday for the second time in less than a month.

About 700 people from rural areas near the volcano in southern Iceland were evacuated Thursday because of flash flooding, as torrents of water and ice chunks roared down the mountain. Most were later allowed to return home, but more flash floods are expected as long as the volcano keeps erupting, said Rognvaldur Olafsson of the Civil Protection Department.

The ash cloud, drifting between 20,000 feet and 36,000 feet high and invisible from the ground, left tens of thousands of travelers stranded around the globe and blocked the main air flight path between the U.S. east coast and Europe.

NATS, the private company which controls British air space, said the air over England would remain closed at least until 1 a.m. Saturday but that some international flights might be allowed into Northern Ireland and western Scotland later in the day.

Sweden and Norway, however, declared skies in the far north to be safe again for travel even as flights in both capitals were still on a lockdown.

One Toronto-bound flight departed from Glasgow, Scotland on Friday morning and three Thomson Airways international flights were cleared to land.

U.S. airlines canceled scores of flights to and from Europe from Wednesday night through Friday morning and said they would decide Friday if they need to cancel more as the cloud of ash hovered over the Atlantic Ocean.

The cloud, whose particles could cause aircraft engines to fail and could mar visibility for pilots, sparked a ripple effect across Europe and ruined plans for business and leisure travelers around the world. The ripple effect could affect global travel into the weekend and possibly into next week.

MAP: Volcano disrupts air travel

SCIENCE: Eruption could last months

Einar Kjartansson of the Icelandic Meteorological Office said that depending on the weather, the plume could hang around for weeks - though where it will be will depend on the wind.

Britain closed its air space until at least 8 a.m. ET Friday, and there were flight bans, airport closings and cancellations in Ireland, Norway, Denmark, Sweden, Belgium, France, Switzerland, the Netherlands, Finland, Poland and Germany.

Flights to Europe from other parts of the world such as the Middle East and Asia were also disrupted. The Emirates airline canceled flights to Britain and offered hotel rooms to travelers already en route from Dubai.

It was the shutdown of air travel in Britain that threatened to be most disruptive. London is one of the most significant centers in the world for business travel and a key point of connection for flights to every part of the globe.

Eight of the 10 busiest trans-Atlantic routes are to London, and the second-most-traveled international route is between London and New York, according to Steve Lott of the International Air Transport Association.

"London is an important transfer hub to every corner of the world," says Lott, who added that it was unclear when the cloud would lift, allowing air travel to resume. "What is (of) particular concern for airlines is the unpredictability of this disruption. As the ash cloud moves, it affects different airports and airspace."

Rebooking, refunds offered

U.S. airlines had canceled more than 100 flights to and from Britain by noon Thursday, according to David Castelveter, spokesman for the Air Transport Association of America, which represents most of the major U.S. carriers.

On average, U.S. airlines operate about 340 flights to and from Europe each day.

American Airlines canceled 34 flights as of Thursday afternoon, most of them in and out of London's Heathrow Airport, but also involving Dublin, Brussels, Paris and Manchester, England, says spokesman Tim Smith.

Delta canceled 65 flights, headed Thursday night or this morning from such cities as Atlanta and Pittsburgh to several international cities including Paris, Amsterdam, London, Brussels and Mumbai, India, says spokesman Anthony Black. Delta had previously canceled nine flights to and from Britain since Wednesday night.

Carriers were trying to accommodate travelers.

Delta passengers whose flights were canceled can get a full refund. Passengers who were scheduled to take Delta flights to, from or through several affected cities Thursday through Sunday can make a one-time change to their flight schedule without paying a fee, if they do so by the end of April.

American will also let fliers whose flights haven't been canceled change flights without penalty through the end of the month. They can get a new flight or a full refund if the trip was canceled.

The airline, which has a heavy flight schedule into South America, has dealt with natural calamities before, Smith says. "In the past, (we) had volcanoes we dealt with in Mexico, Ecuador, Chile, Argentina. From time to time, it does happen."

'It's all so frustrating'

Offers of refunds provided little solace to thousands of stranded travelers on both sides of the Atlantic.

Amy Tatman Robins, a native of Columbus, Ohio, who's living in Galway, Ireland, was headed to a funeral in Scotland. But two flights that she booked from Dublin to Glasgow were canceled, and she's been unable to find another way to her destination.

"It's all so frustrating and unbelievable at the same time," she said in an e-mail. "My dear friend is putting his father to rest, ... and I'm so sad I cannot be there for the memorial service. I'm still holding out hope. All because of a cloud of ash in the sky."

The debris ejected from a volcano - a mixture of noxious gases, pumice balls and hot ash particles - can harm an aircraft's engines and its frame. Pumice and ash particles can heat up a plane's skin to dangerous temperatures and leave noticeable "pits" in it. They can also scratch the windshield to the point that pilots can't see through it. The damage is expensive to repair and, if left unrepaired, can lead to long-term safety issues.

The hot gases and ash present a much more immediate safety threat because of what they can do to jet engines. Jets need to "breathe" in air that can be heated, compressed and then shot out the back. That's how forward thrust is created. But the gases and ash from a volcano can choke engines by robbing them of the oxygen they need to operate.

Since the early 1990s, airlines and air traffic control officials have learned to avoid flying into volcanic ash clouds.

But to do that, they have to avoid wide swaths of the globe where the volcanic clouds, which are difficult to pinpoint using conventional radar, might be, based on prevailing winds and weather conditions at high altitudes.

Contributing: The Associated Press

NATO Strikes Killing More Afghan Civilians (USAT)

By Paul Wiseman, Usa Today

[USA Today](#), April 16, 2010

KABUL - Deaths of Afghan civilians by NATO troops have more than doubled this year, NATO statistics show, jeopardizing a U.S. campaign to win over the local population by protecting them against insurgent attacks.

NATO troops accidentally killed 72 civilians in the first three months of 2010, up from 29 in the same period in 2009, according to figures the International Security Assistance Force gave USA TODAY. The numbers were released after Gen. Stanley McChrystal, the top U.S. commander in Afghanistan, issued measures to protect ordinary Afghans.

A Red Cross report out Thursday said the number of civilians killed and wounded by Taliban roadside bombs has soared in Kandahar, where NATO and Afghan forces are preparing for a major offensive against the insurgent stronghold.

Some Afghans say the rise in civilian deaths may help the enemy. "If (it) continues, people will abandon the government and join the Taliban," says Malalai Ishaqzai, a member of parliament.

McChrystal has limited the use of airstrikes and raids on households that put civilians at risk. The emphasis on protecting non-combatants is part of a strategy to win the public's support.

It appeared to be working: Civilian deaths at the hands of U.S.-led troops dropped 28% in 2009 to 596, according to the United Nations Assistance Mission in Afghanistan.

"The pace of operations this year is considerably higher than last," leading to a 75% increase in "significant events" such as firefights and weapons seizures, said NATO spokesman Lt. Cmdr. Iain Baxter of the British navy.

NATO forces have reduced airstrikes, which accounted for 61% of the civilians killed by NATO and Afghan forces last year, according to the U.N. mission. But civilians continue to be endangered.

Four people were killed by NATO troops Monday when their bus driver ignored warnings to stop or slow down as he overtook a NATO convoy. The incident prompted an anti-American protest.

"No system is 100% guaranteed, and regrettably in a very small number of incidents, the warnings are ignored and lethal force is used," Baxter says.

Night raids are another risk, says Ahmad Nader Nadery, a member of the Afghanistan Independent Human Rights Commission. On Feb. 12, NATO and Afghan troops searching for a Taliban member killed five civilians in a night raid. In response, McChrystal ordered troops last month to avoid night raids on homes when possible.

Civilian deaths undermine NATO efforts to win Afghan loyalty, says Seth Jones, a counterinsurgency specialist at the Rand think tank. However, he says the Taliban is to blame for most civilian deaths (67% last year, the U.N. mission says) and the United States should emphasize that fact.

The Red Cross said the Mirwais Hospital in Kandahar admitted up to 40% more patients wounded by Taliban bombs in the first two months of the year compared with the same period last year.

Volcanic Ash To Curtail Air Traffic Into Midday Friday (NYT)

By Nicola Clark And Liz Robbins

[New York Times](#), April 16, 2010

PARIS - A dark and spectacular volcanic cloud shrouded much of northern Europe on Thursday, forcing airlines to cancel thousands of flights as it drifted at high altitude south and east from an erupting volcano in Iceland. The shutdown of airspace was one of the most sweeping ever ordered in peacetime, amid fears that travel could continue to be delayed days after the cloud dissipates.

The cloud, made up of minute particles of silicate that can severely damage jet engines, left airplanes stranded on the tarmac at some of the world's busiest airports as it spread over Britain and toward continental Europe.

The volcano erupted Wednesday for the second time in a month, forcing evacuations and causing flooding about 75 miles east of Reykjavik, Iceland's capital. Matthew Watson, a specialist at Bristol University in England in the study of volcanic ash clouds, said the plume was "likely to end up over Belgium, Germany, the Lowlands - a good portion over Europe," and was unlikely to dissipate for 24 hours or more.

Even then, any resumption of flights would not be immediate, said John Lampl, a British Airways spokesman in New York. "For several days you'll have crews and airplanes in the wrong places," he said. "It will take a few days to sort it out."

British aviation officials extended the closing of British airspace at least through 1 p.m. local time on Friday, meaning that only authorized emergency flights would be permitted. About 6,000 scheduled flights use British airspace in an average day, aviation experts said.

Deborah Seymour, a spokeswoman for Britain's National Air Traffic Service, said the closing of the country's airspace was the most extensive in recent memory. "It's an extremely rare occurrence," she said.

Eurocontrol, the agency in Brussels that is responsible for coordinating air traffic management across the region, said disruptions to air traffic could last an additional 48 hours, depending on weather conditions, and could extend deeper into continental Europe.

The ash from the volcano, Eyjafjallajokull (pronounced EYE-a-fyat-la-jo-kutl), was reported to be drifting at 18,000 to 33,000 feet above the earth. At those altitudes, the cloud is directly in the way of commercial airliners but not an immediate health threat to people on the ground, the International Volcanic Health Hazard Network, based in Britain, said on its Web site.

According to the Volcanic Ash Advisory Center, during the early afternoon in London there was still "significant eruption continuing," with the plume reaching 15,000 feet, but "occasionally" as high as 33,000 feet.

On Thursday, 5,000 to 6,000 of the 28,000 daily flights across Europe were canceled as a result of the ash plume, said Lucia Pasquini, a Eurocontrol spokeswoman.

The closing of British airspace disrupted the great majority of trans-Atlantic flights, including those on the New York-London route, the second busiest international route in the world after the Hong Kong to Taipei, Taiwan, route, according to the International Air Transport Association. Eurocontrol said roughly half of the 600 daily flights between North America and Europe would probably face cancellations or delays on Friday.

"It is a significant disruption," said Steve Lott, a spokesman for the air transport association. "What presents more of a challenge is that we don't know the end date." He added, "If this closed airspace continues to grow larger, the airlines will have fewer route options."

As the cloud made its way high across the English Channel, French aviation officials decided to close the main Paris airports, Charles de Gaulle and Orly, late in the evening. About 20 other French airports shut down earlier. The Paris airports will remain closed until at least 2 p.m. Friday.

Major American carriers that fly to Britain were allowing their passengers to rebook flights without penalty on Thursday. Eurocontrol said areas of airspace in northern Germany and Poland closed late Thursday. Ute Otterbein, a spokeswoman for Germany's civil aviation authority, said airports in Hamburg, Bremen and Hanover were closed until at least 8 a.m. Friday, and Berlin's airports - Sch?nefeld and Tegel - were also closed. Airports in Frankfurt and Munich were still open, however, and were able to accept diverted flights from other European airports, Ms. Otterbein said.

The potential economic effect of the closings is "virtually impossible" to determine at this stage, said Peter Morris, chief economist at Ascend, an aviation consultancy in London.

"A ballpark estimate would be that half a million to a million people's travel will be disrupted in the U.K. over a couple of days, assuming things start to clear up soon," he said. "For the long-haul players, especially those headed to the other side of the world, it's a nightmare."

Inside Terminal 4 at Heathrow, where flights leave London for Houston, New York and Paris, among many other destinations, all check-in counters were closed. Arrival and departure boards listed all flights as canceled. Some of the travelers seemed stoic about their fate.

Jai Purohit, a manager from Leicester, England, who had planned fly to the United States to join his wife on vacation in Florida, said: "It's very sad. I bought some nice presents for my wife and was looking forward to spending some time with her. She's naturally upset, but there's nothing we can do."

An American traveler, Anne Evans, who had arrived in London from San Francisco, said she had been on her way to take up a teacher training position in Sri Lanka when she learned that her connecting flight was canceled.

"There's nothing you can do," she said. "You can either smile or cry, and I decided to smile."

Although volcanic ash clouds sometimes limit pilots' visibility, their most serious safety threat is the harm they can cause to engines in flight. In recent decades, more than 90 aircraft have suffered damage from volcanic plumes, according to the International Civil Aviation Authority, an arm of the United Nations.

Volcanic ash is primarily made of silicates, or glass fibers, which, once ingested into a jet engine, can melt, causing the engine to flame out and stall.

It was impossible to predict how long the delays might last or the extent of the flight cancellations, since the volcano was still erupting, said Ms. Seymour of the National Air Traffic Service.

The perils of volcanic ash are well known to pilots and airline operators. After the 1982 eruption of the Galunggung volcano in Indonesia, for example, a Boeing 747 flying to Australia from Malaysia lost power in all four engines because of ash and descended to 12,500 feet from 36,000 feet before pilots could restart the engines and make an emergency landing in Indonesia.

In Iceland, hundreds of people fled their homes to avoid flooding after the eruption early on Wednesday melted the Eyjafjallajokull glacier. But Icelandic airports remained open because they are west of the volcano and wind was blowing the ash away to the south and east.

Nicola Clark reported from Paris, and Liz Robbins from New York. Reporting was contributed by John F. Burns and Julia Werdigier from London, and Alan Cowell and David Jolly from Paris.

Investment Firm Agrees To Settle Kickback Inquiry (NYT)

By Louise Story

[New York Times](#), April 16, 2010

The investment firm founded by Steven L. Rattner, the politically connected financier who went on to lead President Obama's auto task force, has agreed to pay \$12 million to settle allegations that it paid kickbacks to win lucrative business from the New York State pension fund.

But the agreement, announced on Thursday, explicitly excluded Mr. Rattner, leaving open the possibility that he could face separate lawsuits from state or federal authorities.

The firm, the Quadrangle Group, agreed to pay \$7 million to the pension fund and \$5 million to the Securities and Exchange Commission. As is typical in such settlements, Quadrangle neither admitted nor denied wrongdoing.

But Quadrangle issued an unusual public rebuke to its founder, who left the firm to lead the Obama administration's rescue of General Motors and Chrysler.

"We wholly disavow the conduct engaged in by Steve Rattner," Quadrangle said.

News of the settlement came on the same day that the state comptroller, Thomas P. DiNapoli, became entangled in the sprawling investigation of New York's nearly \$130 billion pension fund. The office of Attorney General Andrew M. Cuomo acknowledged that its inquiry included Mr. DiNapoli's tenure, although no evidence has surfaced to suggest that Mr. DiNapoli benefited improperly from pension business.

The three-year-old investigation has focused on allegations that friends and aides of the previous comptroller, Alan G. Hevesi, reaped millions of dollars from investment companies seeking state business. Mr. Hevesi resigned in 2006 after pleading guilty to a felony related to his use of state workers to chauffeur his wife.

Quadrangle has acknowledged paying more than \$1 million in fees to a political consultant, Henry Morris, in exchange for his help in landing a state investment contract. Mr. Morris was a longtime aide to Mr. Hevesi.

Mr. Rattner organized those payments, according to the attorney general's office, which said that he also arranged for a company that Quadrangle controlled to distribute a low-budget film, "Chooch," which was produced by a brother of the state pension fund's chief investment officer, David J. Loglisci.

"That conduct was inappropriate, wrong and unethical," Quadrangle said. No current Quadrangle employees were involved in the allegations.

Mr. Rattner's lawyer, Jamie S. Gorelick, vigorously denied the attorney general's claims.

"Mr. Rattner does not agree with the characterization of events released today, including those contained in Quadrangle's statement," she said. "Mr. Rattner shares with the New York attorney general the goal of eliminating public pension fund practices that are not in the public interest. He looks forward to the full resolution of this matter."

Until now, Mr. Rattner was something of a shadow figure in the pension case. He was not named in a related complaint filed a year ago by the S.E.C., although he was widely believed to have been part of the inquiry.

Mr. Rattner's troubles may stretch beyond New York. On Thursday, Mr. Cuomo outlined Mr. Rattner's dealings with an adviser who helped the firm win investments from the Los Angeles fire and police fund and New Mexico's state pension fund.

The S.E.C. on Thursday disclosed several e-mail exchanges between Mr. Rattner and various business associates that provided a glimpse into Quadrangle's relationship with the New York fund.

The events in question began in 2004, when Mr. Rattner, who worked as a reporter for The New York Times before he went into investment banking in the 1980s, was trying to raise money for Quadrangle.

According to Mr. Cuomo's office, Mr. Rattner had known since 2003 that a brother of Mr. Loglisci was trying to find a distributor for "Chooch." In the fall of 2004, Mr. Rattner personally contacted the chief executive of Good Times Entertainment, a company owned by Quadrangle, and asked if Good Times would distribute the film if "we need to." The next day, the executive told Mr. Rattner that he had offered the producers attractive terms.

Mr. Rattner later sent an e-mail message to Mr. Morris to let him know about the arrangement. "This is Steve Loglisci's project. Wanted you to be aware," Mr. Rattner wrote in an e-mail message in 2005. In February that year, the state fund invested \$100 million with Quadrangle and has since paid the firm roughly \$5 million in fees.

The New York investigation has prompted several other states to examine how their pension funds solicit investments, and firms including the Carlyle Group have settled related cases.

"This case has started a national investigation of public pension funds all across the nation," Mr. Cuomo said in a conference call with reporters on Thursday. "A significant amount of this country's wealth is in these public pension funds and I fear - seeing what we've seen in New York - that it's going to be a serious problem for the nation."

Obama Widens Medical Rights For Same-Sex Partners (NYT)

By Sheryl Gay Stolberg

[New York Times](#), April 16, 2010

WASHINGTON - President Obama on Thursday ordered his health secretary to issue new rules aimed at granting hospital visiting rights to same-sex partners.

The White House announced the rule changes, which will also make it easier for gay men and lesbians to make medical decisions on behalf of their partners, in a memorandum released Thursday night. In it, the president said the new rules would affect any hospital that participates in Medicare or Medicaid, the government programs to cover the elderly and the poor.

"Every day, all across America, patients are denied the kindness and caring of a loved one at their sides," Mr. Obama said in the memorandum, adding that the rules could also help widows and widowers who rely on friends and members of religious orders who care for one another. But he says gay men and lesbians are "uniquely affected" because they are often barred from visiting partners with whom they have spent decades.

Richard Socarides, who advised President Bill Clinton on gay rights issues, said that while the memorandum on its own did not grant any new rights, it did "draw attention to the very real and tragic situations many gays and lesbians face when a partner is hospitalized."

Ordering the Department of Health and Human Services to find a better way to handle such situations, Mr. Socarides said, is "the kind of thing the gay community was hoping Obama would do right after he was inaugurated."

Several states have tried to put an end to discrimination against same-sex couples, and Mr. Obama said he intended to build on those efforts. He said the new rules would make clear that designated visitors should enjoy visiting privileges that are no more restrictive than those enjoyed by immediate family members.

The rules will take time to draft and put in place, and so Mr. Obama's order will have no immediate effect. Even so, gay rights groups called it a major advance for the families of lesbians, gay men, bisexuals and transgender individuals.

"It's a huge deal," said David Smith, vice president of policy for the Human Rights Campaign, which worked with the White House to develop the memorandum, in an interview Thursday night. "Nearly every hospital in the country will now be required to provide hospital visitation rights to LGBT families. It's an enormous step. In the absence of equal marriage rights in most jurisdictions, this step provides an essential right to LGBT families for a gay person or a lesbian person to spend time with their partner in a critical situation."

In some instances in the past, hospitals have barred bedside visits by the person who held the medical power of attorney for a patient.

Gay rights advocates said the rules change was inspired by one of those cases involving a same-sex couple, Janice Langbehn and Lisa Pond, who were profiled in The New York Times last year. After Ms. Pond was stricken with a fatal brain aneurysm, Ms. Langbehn was denied visiting rights by a Florida hospital. Although Ms. Langbehn had power of attorney, the hospital refused for eight hours to allow her and her children to see Ms. Pond, her partner for more than 20 years.

Lambda Legal, a legal advocacy organization that represented Ms. Langbehn, issued a statement saying Mr. Obama called her from Air Force One on Thursday night to "personally let her know that he has signed a memorandum that will have an impact on the special health care needs of LGBT people and families - and hopefully prevent her story from happening again."

Mr. Obama campaigned saying he would fight for the rights of gay men and lesbians, but he has been under pressure since the beginning of his presidency to be a stronger advocate for their issues.

Many gay men and lesbians grew disenchanted with what they viewed as his foot-dragging on reversing "don't ask, don't tell," the policy that bars them from serving openly in the military. The president said in his State of the Union address this year that he intended to move to overturn the policy, and his administration has been taking steps to do so.

The memorandum is intended to "help ensure that patients will be able to face difficult times in hospitals with compassion, dignity and respect," a White House spokesman, Shin Inouye, said Thursday night. "By taking these steps, we can better protect the interests and needs of patients that are gay or lesbian, widows and widowers with no children, members of religious orders, or others for whom their loved ones are not always immediate relatives. Because all Americans should be able to have loved ones there for them in their time of need."

A Former N.S.A. Official Is Charged With Leaking Classified Information (NYT)

By Scott Shane

[New York Times](#), April 16, 2010

WASHINGTON - In a rare legal action against a government employee accused of leaking secrets, a grand jury has indicted a former senior National Security Agency official on charges of providing classified information to a newspaper reporter in hundreds of e-mail messages in 2006 and 2007.

The official, Thomas A. Drake, 52, was also accused of obstructing justice by shredding documents, deleting computer records and lying to investigators who were looking into the reporter's sources.

"Our national security demands that the sort of conduct alleged here - violating the government's trust by illegally retaining and disclosing classified information - be prosecuted and prosecuted vigorously," Lanny A. Breuer, the assistant attorney general in charge of the Justice Department's criminal division, said in a statement.

The indictment, approved Wednesday by a grand jury in Baltimore and made public on Thursday, does not name either the reporter or the newspaper that received the information.

But the description applies to articles written by Siobhan Gorman, then a reporter for The Baltimore Sun, that examined in detail the failings of several major N.S.A. programs, costing billions of dollars, using computers to collect and sort electronic intelligence. The efforts were plagued with technical flaws and cost overruns.

Only a small number of prosecutions have been brought against government officials in recent decades for improperly disclosing information. Such cases often provoke a public debate over the tradeoff between protecting government secrets and covering up government wrongdoing or incompetence.

The indictment suggests the Obama administration may be no less aggressive than the Bush administration in pursuing whistleblowers and reporters' sources who disclose government secrets. In a little-noticed case last December, a former contract linguist for the F.B.I., Shamai Kedom Leibowitz, pleaded guilty to leaking five classified documents to a blogger.

In the Bush administration, the Justice Department spent several years investigating The New York Times's sources for a 2005 article that revealed the existence of the N.S.A. program of eavesdropping without warrants. No one has been charged in that case.

Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press, a press advocacy group, called the indictment of Mr. Drake unfortunate. "The whole point of the prosecution is to have a chilling effect on reporters and sources, and it will," Ms. Dalglish said.

Mr. Drake, who began working as an N.S.A. contractor in 1991 and was a high-ranking agency employee from 2001 to 2008, is charged with 10 counts, including retention of classified information, obstruction of justice and making false statements. The retention counts each carry a maximum penalty of 10 years in prison and a \$250,000 fine.

The indictment asserts that Mr. Drake, a computer software expert, contacted the reporter at the urging of a friend and set up a secure e-mail account, through a company called Hushmail, that allowed him to send anonymous e-mail to the reporter. He later met the reporter and turned over classified documents with the classification markings removed, the court document said.

James Wyda, a federal public defender representing Mr. Drake, said his client has been "extraordinarily cooperative" with investigators and was "very disappointed that the process ended in criminal charges."

"Mr. Drake loves his country," Mr. Wyda said. "We look forward to addressing these matters in a public courtroom."

Ms. Gorman, who now works for The Wall Street Journal, has not been accused of wrongdoing. A spokeswoman for The Journal, Ashley S. Huston, said Ms. Gorman had declined to comment. A spokeswoman for The Baltimore Sun also declined to comment.

In addition to describing the technical programs, the Sun articles disclosed a crisis in meeting N.S.A.'s demands for electrical power and described how the agency had rejected a program that had the promise of collecting communications while protecting Americans' privacy.

The articles, though, did not focus on the most highly protected N.S.A. secrets - whose communications it collects, exactly how it collects them and what countries' codes it has broken.

That may make a prosecution more feasible, from the point of view of protecting secrets during a trial. But because the articles in question documented government failures and weaknesses, the decision to prosecute could raise questions about whether the government is merely moving to protect itself from legitimate public scrutiny.

Ms. Dalglish, the press advocate, said Ms. Gorman's N.S.A. articles exposed "a multibillion-dollar boondoggle that was of great interest to Congress." She called the articles "important public-interest reporting."

News reports based on classified information are common, and they are often followed by a referral to the Justice Department for investigation. But prosecutions remain rare, in part because of the difficulty of identifying sources and in part because spy agencies fear a trial will do more damage to national security than the original disclosure.

Among the most famous cases was the prosecution of Daniel Ellsberg, then a military analyst for the Rand Corporation, for disclosing the Pentagon Papers, a secret history of the Vietnam war, to The New York Times in 1971. The charges were dismissed because of illegal wiretapping and other government misconduct.

In 1985, Samuel Loring Morison, a naval intelligence analyst, was convicted of espionage and other crimes after he provided classified satellite photographs to Jane's Defense Weekly. He was sentenced to two years in prison.

In more recent years, two high-profile prosecutions involved leaks. Lawrence Franklin, a Defense Department official, pleaded guilty in 2005 after being charged with sharing classified information with two officials of a pro-Israel lobbying group.

Those officials, accused of passing some of the information on to reporters, were also indicted, but the charges were later dropped.

Also, a top aide to Vice President Dick Cheney, I. Lewis Libby Jr., was charged with perjury and other crimes in an investigation of the disclosure to the news media that Valerie Wilson was an undercover officer of the Central Intelligence Agency. Mr. Libby was sentenced to 30 months in prison, but President George W. Bush commuted his sentence.

Florida Governor Splits With G.O.P. On Teacher Pay (NYT)

By Trip Gabriel, Damien Cave

[New York Times](#), April 16, 2010

MIAMI - Gov. Charlie Crist has been jawboned and buttonholed as he has traveled around the state in recent days, and his office was deluged with 120,000 messages. Passions have not run so high in Florida, the governor said, since the controversy over ending the life of Terry Schiavo in 2005.

This time, the point of contention was eliminating tenure for Florida public school teachers and tying their pay and job security to how well their students were learning.

On Thursday, Mr. Crist picked a side, vetoing a bill passed last week by the Florida Legislature that would have introduced the most sweeping teacher pay changes in the nation.

The veto puts Mr. Crist, a moderate Republican, at odds with his party base in the Republican-controlled Legislature. His decision has also renewed speculation that he might drop out of the Republican primary for a United States Senate seat and run in the general election as an independent. For months, he has been trailing the more conservative Republican candidate, Marco Rubio, a Tea Party favorite, in polls.

Mr. Crist said Thursday that his decision was not political. He cited "the incredible outpouring of opposition by teachers, parents, students, superintendents, school boards and legislators."

The bill was supported by the Florida Department of Education and statewide business groups, which expressed disappointment in the governor's decision, saying that teachers should be held more accountable.

But the governor, announcing his veto in the Capitol in Tallahassee, said the changes envisioned would put "teachers in jeopardy of losing their jobs and teaching certificates, without a clear understanding of how gains will be measured."

Linking teacher pay to student achievement has long been a goal of some education reformers. They are mostly conservatives, but their ranks also include people in the Obama administration.

They argue that teachers should be treated like people in most professions, and paid based on how effective they are.

The issue has made for a season of strange bedfellows, with the Obama administration's chief education initiative, Race to the Top, seemingly encouraging just the kind of overhaul that Florida Republicans endorsed and that teachers and their allies furiously opposed.

Race to the Top dangles \$4.3 billion in grants before states that develop programs that promote teacher accountability and parental choice in schooling. In the first round of grant awards last month, Florida did not win but came close, and the merit pay bill was promoted as a way to improve the state's chances of winning \$700 million in aid. Analysts said the state had the most ground to gain specifically in this area for the federal contest.

The vetoed bill "is consistent with what Race to the Top wants," said Andy Smarick, an education policy analyst who was an official in the federal Department of Education under President George W. Bush.

Reformers have tried to draft policies that allow student-achievement data to be used to reward good teachers and identify poor ones.

When Florida proposed strict accountability measures, teachers, parents and administrators pushed back. They argued that the proposed system - basing renewal of teacher contracts and at least half their raises on how well students did on standardized tests - would hold them responsible for factors in students' lives beyond their control.

"I am not a puppet master; I can't pull strings and make them perform," said Amy Horr, a second-grade teacher in the Miami-Dade School District who attended a rally on Monday. "I can't even make them come to school."

The president of the state teachers' union, Andy Ford, argued that the pressure on children "will be immense when the teacher's salary evaluation, contract and certification are all tied to that score."

Teachers coordinated a huge phone and e-mail campaign to lobby the governor, in part through a 70,000-member Facebook group. Reactions on the site moments after the noontime veto were ecstatic: "Sweet victory!" and "Woohoo!!! I love you Charlie Crist...For now!!!"

Republican leaders of the Legislature, who said they did not have time to resubmit a new bill before the end of the current session, criticized the governor. Former Gov. Jeb Bush, who backed the bill, said in a statement that "Governor Crist has

jeopardized the ability of Florida to build on the progress of the last decade," during which Republicans ushered in other controversial changes that they say are responsible for rising student achievement statewide.

It is unclear what Mr. Crist's veto will mean for him politically. Even some Tea Party followers had turned to opposing the pay and tenure overhauls because of the increased bureaucracy.

A Quinnipiac poll published Thursday showed that if Mr. Crist ran as an independent candidate in the Senate contest, he would finish narrowly ahead of Mr. Rubio and Kendrick Meek, the Democratic candidate.

Repeatedly, Mr. Crist has said he will not run as an independent. With an April 30 deadline for switching parties, some political analysts said his veto could be a final push to close the gap with Mr. Rubio.

"He's betting on the fact that the Republican legislators themselves have been catching some heat for this," said Susan A. MacManus, a political science professor at the University of South Florida, referring to the merit-pay bill. "He'll wait and see if this moves the polls within the Republican ranks; he still has time to make a decision."

A few hours after his veto, Mr. Crist attended a rally in his honor on the steps of Leon High School in Tallahassee, which was draped with a big sign saying, "Thank You, Governor Crist."

"The people spoke, and they spoke loudly, and boy, did I hear from them this week," the governor told the crowd.

Manny Joanos, energy director for Leon County schools and a Republican, said that he had been leaning toward Mr. Rubio in the Republican primary, but that Mr. Crist had changed his mind. "I'll be voting for the governor," Mr. Joanos said.

Mr. Crist again declined to say whether he would remain a Republican. "That's the last thing on my mind right now," he said.

Teachers Set Deal With City On Misconduct System (NYT)

By Jennifer Medina

[New York Times](#), April 16, 2010

Mayor Michael R. Bloomberg and the city's teachers union have agreed to do away with "rubber rooms" and speed up hearings for teachers accused of wrongdoing or incompetence, ending a disciplinary system that has made both City Hall and the teachers' union subjects of ridicule.

Under the agreement, teachers the city is trying to fire will no longer be sent to the rubber rooms, known as reassignment centers, where the teachers show up every school day, sometimes for years, doing no work and drawing full salaries. Instead, these teachers will be assigned to administrative work or duties outside classrooms in their schools while their cases are pending.

The centers have been a source of embarrassment for both the Bloomberg administration and the United Federation of Teachers, as articles in newspapers and magazines detailed teachers running businesses out of the rubber rooms or dozing off for hours on end.

Officials said the agreement would also shorten the time it takes for cases to be resolved by allowing more arbitrators to be hired and requiring them to hear cases more frequently. Cases that lasted several years could now be completed in months.

After removing a teacher from the classroom, Education Department officials will have 10 days to file incompetence charges and 60 days for charges of misconduct. Any teacher not formally charged within that time will be sent back to the classroom. In more serious cases in which education officials are trying to suspend a teacher without pay, the department would be required to file charges within three days.

As Schools Chancellor Joel I. Klein has increased efforts to get rid of teachers the city deems ineffective, the number of teachers in rubber rooms has grown. There are now about 550.

Although the city has invested about \$2 million in hiring more lawyers to help principals get rid of teachers, it has managed to fire only three for incompetence in the last two years.

The centers will not close until the fall, officials said, but they pledged to resolve all of the pending cases by the end of the year.

While the agreement may solve the thorny public relations problems for the city and the union, it does nothing to address the more costly absent teacher reserve pool, which consists of teachers who have lost their jobs because of budget cuts or when a school is shut down for poor performance, but have not been accused of incompetence or wrongdoing. Those teachers, who now number about 1,100, do not have permanent classroom jobs but draw full salaries.

Mr. Klein has pushed for the power to lay off reserve teachers, but neither the union nor state legislators has been willing to go along.

The agreement between the union and the city comes amid an increasingly icy relationship between Michael Mulgrew, the union's president, and Mr. Klein. Despite the rubber room deal, there are no signs that they are any closer to an agreement on a new teachers' contract.

Immigrants In Work Force: Study Belies Image (NYT)

By Julia Preston

[New York Times](#), April 16, 2010

ST. LOUIS - After a career as a corporate executive with her name in brass on the office door, Amparo Kollman-Moore, an immigrant from Colombia, likes to drive a Jaguar and shop at Saks. "It was a good life," she said, "a really good ride."

As a member of this city's economic elite, Ms. Kollman-Moore is not unusual among immigrants who live in St. Louis. According to a new analysis of census data, more than half of the working immigrants in this metropolitan area hold higher-paying white-collar jobs - as professionals, technicians or administrators - rather than lower-paying blue-collar and service jobs.

Among American cities, St. Louis is not an exception, the data show. In 14 of the 25 largest metropolitan areas, including Boston, New York and San Francisco, more immigrants are employed in white-collar occupations than in lower-wage work like construction, manufacturing or cleaning.

The data belie a common perception in the nation's hard-fought debate over immigration - articulated by lawmakers, pundits and advocates on all sides of the issue - that the surge in immigration in the last two decades has overwhelmed the United States with low-wage foreign laborers.

Over all, the analysis showed, the 25 million immigrants who live in the country's largest metropolitan areas (about two-thirds of all immigrants in the country) are nearly evenly distributed across the job and income spectrum.

"The United States is getting a more varied and economically important flow of immigrants than the public seems to realize," said David Dyssegaard Kallick, director for immigration research at the Fiscal Policy Institute, a nonpartisan group in New York that conducted the data analysis for The New York Times.

The findings are significant because Americans' views of immigration are based largely on the work immigrants do, new research shows.

"Americans, whether they are rich or poor, are much more in favor of high-skilled immigrants," said Jens Hainmueller, a political scientist at M.I.T. and co-author of a survey of attitudes toward immigration with Michael J. Hiscox, professor of government at Harvard. The survey of 1,600 adults, which examined the reasons for anti-immigration sentiment in the United States, was published in February in *American Political Science Review*, a peer-reviewed journal.

Americans are inclined to welcome upper-tier immigrants - like Ms. Kollman-Moore - believing they contribute to economic growth without burdening public services, the study found. More than 60 percent of Americans are opposed to allowing more low-skilled foreign laborers, regarding them as more likely to be a drag on the economy.

Those kinds of views, in turn, have informed recent efforts by Congress to remake the immigration system. A measure unveiled last month by Senator Lindsey Graham, Republican of South Carolina, and Senator Charles E. Schumer, Democrat of New York, aims to reshape the legal system to give priority to high-skilled, high-earning immigrants, offering narrower channels for low-wage workers. (A bill in 2007 by the Bush administration tilted even more sharply toward upper-tier immigrants; it failed in Congress.)

Yet while visa bottlenecks persist for high-skilled immigrants, on the whole, the census data show, the current system has brought a range of foreign workers across skill and income levels. The analysis suggests, moreover, that the immigrants played a central role in the cycle of the economic growth of cities over the last two decades.

Cities with thriving immigrant populations - with high-earning and lower-wage workers - tended to be those that prospered the most.

"Economic growth in urban areas has been clearly connected with an increase in immigrants' share of the local labor force," Mr. Kallick said.

Surprisingly, the analysis showed, the growing cities were not the ones, like St. Louis, that drew primarily high-earning foreigners. In fact, the St. Louis area had one of the slowest growing economies.

Rather, the fastest economic growth between 1990 and 2008 was in cities like Atlanta, Denver and Phoenix that received large influxes of immigrants with a mix of occupations - including many in lower-paid service and blue-collar jobs.

In metropolitan Denver, where the economy doubled between 1990 and 2008, 63 percent of immigrants worked in jobs on the lower end of the pay scale.

Denver "did a great job of attracting people from other places in the world," said Rich Jones, director of policy and research at the Bell Policy Center, a nonpartisan group in that city that focuses on the impact of economic and fiscal policies in Colorado. "They are coming with a variety of skills," Mr. Jones said. "They created demand for goods, services and housing that began a dynamic."

The figures on jobs and earnings of immigrants in American cities are based on an analysis by the Fiscal Policy Institute of census data for the 25 largest metropolitan areas from 1990 to 2008. The data from 2008 are the most current in-depth census

statistics on immigrants' places of residence and earnings; they also include the first year of the severe recession. The analysis includes legal and illegal immigrants and naturalized citizens.

St. Louis is a good vantage point to observe the census analysis play out on the ground - both in the past and, possibly, the future.

Here, a pattern of stalled growth and low immigration prevailed for decades. But more recently a new pattern is emerging: even in the recession, some corners of the metropolitan area are sputtering to life, and new immigrants with a mix of skills are playing a conspicuous part.

"If you look at what feeds the core of many American cities, it's the arrival of the immigrant groups," said Anna Crosslin, president of the International Institute of St. Louis, a refugee resettlement and immigrant aid agency here. "Then one generation moves out, and they're replaced by another generation. We didn't have that here in St. Louis."

In its heyday as a commerce hub in the 1950s, St. Louis was one of the nation's premier cities. Since then, business has stagnated, the population of the city proper declined by more than half, and immigration to the area has been slow. Today, in the St. Louis metropolitan area, only 111,000 residents are foreign-born, out of 2.3 million total, according to the census data.

Many immigrants who were drawn here were doctors, researchers and business executives, attracted by the city's corporate headquarters, universities and medical centers.

Ms. Kollman-Moore, 60, came to St. Louis in the 1970s and rose through the ranks at Mallinckrodt, a medical supply company, to become president of the Latin American division, a \$100 million business. She retired when the company was sold in 2000 and is now a consultant and business school professor. She planted a grove of tropical shade trees in the center of the living room in her home on a posh suburban cul-de-sac, a literal reminder of her roots.

"I made a wonderful career out of understanding the cultures of Latin America and the culture of the United States and how to do business in both," said Ms. Kollman-Moore, a naturalized American.

During the 1990s, a wider variety of foreigners began to settle in the metropolitan area. Bosnians fleeing the Balkan wars have now made this city their largest community in the United States. Sukrija Dzidzovic, 52, publisher of the Bosnian weekly newspaper SabaH, moved the paper here from New York in 2006 to be closer to the core of his readers.

Bosnians run the gamut, from truckers and bakery workers to lawyers and engineers. Many Bosnians hit the ground running here because they came from Europe with savings they had stashed away, Mr. Dzidzovic said. At one time, Bosnians opened so many businesses on blighted streets that hostile rumors spread that they were receiving secret subsidies from the federal government.

Now, appreciative city officials make a point of attending Bosnian celebrations, Mr. Dzidzovic said.

Immigrants from China have also prospered here as entrepreneurs, creating jobs for other immigrants. Sandy Tsai, 59, said she and her husband chose St. Louis to start a business because they noticed it was in the middle of the country. Now their company, Baily, makes egg rolls, noodles and fortune cookies in three local factories that distribute to thousands of Chinese restaurants nationwide. Ms. Tsai said her employees ranged from egg-roll makers earning \$8 an hour to laboratory researchers with advanced degrees in food science.

"It's a good group, a good combination," Ms. Tsai said. But despite the long hard times in St. Louis, low-wage workers have not always been easy to find, she said, and her business expansion was slowed because of it.

Now, those workers have started to arrive in larger numbers. Ra?l Rico, 31, said he came here 14 years ago from the Mexican state of Quer?taro, the first in his family to settle in St. Louis. Today, between parents, siblings, cousins and their offspring, his local clan numbers 56.

"Every year our community is growing with all kinds of people, more workers are coming, more people are coming to invest in businesses and open stores," said Mr. Rico, a carpenter.

Ms. Crosslin, of the International Institute of St. Louis, said the emerging pattern was changing the face, and possibly the fortunes, of the city.

"We have turned the corner slightly," she said. "And one of the factors is the newcomers who are starting to arrive again."

Some At MoMA Show Forget 'Look But Don't Touch' (NYT)

By Claudia La Rocco

[New York Times](#), April 16, 2010

A few Fridays ago, a young contemporary dancer named Will Rawls was working at his current production, the Marina Abramovic performance art retrospective at the Museum of Modern Art. Specifically, he was standing naked in a gallery entrance, facing a naked woman, as museumgoers passed through the narrow space between them. It was a re-enactment of "Imponderabilia," a well-known piece originally performed by Ms. Abramovic and a partner in the 1970s.

Out of the corner of his eye, Mr. Rawls noticed an older man preparing to walk through.

"He proceeded to slide his hand onto my ribs and back and then touched my butt," Mr. Rawls said. "As he was passing me he looked me in the eyes and said 'You feel good, man.' "

"I just turned and looked at the security guard and said, 'This man is touching me.' Then I looked back at my partner and left it at that."

When his shift was over, Mr. Rawls said, he learned from a security official that MoMA had revoked the man's 30-year membership and barred him from returning to the museum. (The museum would not comment on specific incidents, but issued a statement saying that "any visitor who improperly touches or disturbs" a performer will be removed.) It turns out a crowded museum, like a crowded subway, is no excuse for an improper touch - a lesson that has been learned the hard way by some visitors to the retrospective, "The Artist Is Present."

"In at least three instances, I have heard people were removed from the gallery for inappropriate touching," said Gary Lai, another performer, who said he had been told this by guards and fellow performers. "I didn't think that would happen at all; who's going to do something with all these people around?"

Ms. Abramovic's work, which often involves nudity and sitting, standing or lying down for long periods, has invited close encounters of all kinds at the MoMA exhibition. And the show has made fascinated spectators out of the performers themselves, who have generally enjoyed being part of it, despite undeniable challenges.

In addition to the gropers, there have been less extreme but still unnerving encounters. Mr. Rawls, for example, said that standing with his arms at his side he had felt more erections "across the back of my hand than I can count," and Kennis Hawkins, also an "Imponderabilia" performer, described a visitor surreptitiously taking waist-high pictures of her and her partner in the piece last weekend. (Photography is forbidden.) Another day, she added, an excitable visitor in high heels got so engaged in watching another performer that she backed onto Ms. Hawkins's toes, causing her to faint soon after.

Then there are the stalkerish types, who have tracked down performers on Facebook. Not to mention the commenters, praising or criticizing the performers' bodies, yelling at them to wake up when their eyes are closed, even helpfully informing nude performers, "Your fly is down."

On one occasion, Mr. Lai said, a leader of a tour group unaffiliated with the museum pointed to a female performer's abdomen and loudly (and incorrectly) identified a scar as "from a Cesarean."

Rebecca Davis, a performer who has been out for several weeks with a back injury unrelated to the show, said she, too, had been surprised by the number of unsuitable gestures. She recalled her shock at hearing that "someone was grabbed in their private parts" the first weekend of the show, and recounted how a woman, perhaps intoxicated, clutched the fingers of the two people in <object.title idsrc="nyt_ttl" class="Movie" value="406347"> "Point of Contact," </object.title> in which two immobile performers stare and point at each other.

"She was probably thinking she was playful, but the act itself seemed aggressive," Ms. Davis said.

Ms. Davis, like several of her colleagues, also said that the museum had been extremely vigilant in its efforts to protect them. (Some performers called the guards overzealous, even as they expressed gratitude.)

In a brief statement, the museum's communications department stressed that untoward incidents have been few and far between during the run of what it described as a heavily trafficked show. MoMA, the statement added, is "well aware of the challenges posed by having nude performers in the galleries," and "discussions took place between MoMA's security staff and Marina Abramovic and the performers to ensure that the performers would be comfortable in the galleries at all times."

And despite the physical and emotional discomfort of these encounters - and the draining nature of the work - all the performers interviewed said they were often exhilarated by their daily shifts (some of which are now as short as an hour 15 minutes, because of several fainting episodes). There are plenty of magical moments with strangers, including those who innocently touch bare skin, whisper "thank you" or do improvisational little dances that have the usually stoic performers cracking up.

Many of these artists have their own careers as dancers and choreographers, and they described the MoMA experience as making them feel simultaneously more vulnerable and more empowered. Asked how the museum setting differed from a stage show, Mr. Lai said it was far more fulfilling.

"You get immediate feedback," he said. "You're causing a definite reaction in the audience, different from the typical reaction you want in a regular stage performance. This is more about human nature."

Obama Orders Hospitals To Grant Same-sex Couples Visitation Rights (WP)

By Michael D. Shear, Washington Post Staff Writer

[Washington Post](#), April 16, 2010

President Obama on Thursday signed a memorandum requiring hospitals to allow gays and lesbians to have non-family visitors and to grant their partners medical power of attorney.

The president ordered the Department of Health and Human Services to prohibit discrimination in hospital visitation. The memo is scheduled to be made public Friday morning, according to an administration official and another source familiar with the White House decision.

An official said the new rule will affect any hospital that receives Medicare or Medicaid funding.

The decision injects the president squarely into the debate over gay marriage by attempting to end the common practice by many hospitals of insisting that only family members by blood or marriage be allowed to visit patients.

Gay activists have argued for years that recognizing gay marriages would ease the emotional pain associated with not being able to visit their partners during a health crisis.

By contrast, opponents of gay marriage have said the visitation issue is a red herring, and have argued that advocates want to provide special rights for gays and lesbians that others do not have.

The memorandum from Obama to HHS Secretary Kathleen Sebelius, made public late Thursday night, orders new rules that would ensure hospitals "respect the rights of patients to designate visitors."

Obama says the new rules should require that hospitals not deny visitation privileges on the basis of sexual orientation or gender identity.

"Every day, all across America, patients are denied the kindnesses and caring of a loved one at their sides whether in a sudden medical emergency or a prolonged hospital stay," Obama says in the memo.

Affected, he said, are "gay and lesbian American who are often barred from the bedsides of the partners with whom they may have spent decades of their lives -- unable to be there for the person they love, and unable to act as a legal surrogate if their partner is incapacitated."

Obama's actions are the latest attempt by his administration to slowly advance the agenda of a constituency that strongly supported his presidential campaign.

In his first 15 months in office, Obama has hailed the passage of hate crime legislation and hosted the first gay pride day celebration at the White House. Last month, Obama's top military and defense officials testified before Congress in favor of getting rid of the "don't ask, don't tell" policy for gays in the military.

But the moves have been too slow for some in the gay community, who have urged the president to champion their causes head-on. One prominent gay blogger, John Aravosis, wrote last October that Obama's "track record on keeping his gay promises has been fairly abominable."

Former NSA Official Allegedly Leaked Material To Media (WP)

By Greg Miller, Spencer S. Hsu And Ellen Nakashima, Washington Post Staff Writers

[Washington Post](#), April 16, 2010

The indictment of a former U.S. intelligence official accused of leaking secrets to the media marks an attempt by the Obama administration to disrupt a type of transaction that has persisted for decades in Washington, routinely triggering criminal referrals but rarely ending up in court.

The case disclosed Thursday involves a former senior executive at the nation's most secretive spy service. He has been charged with 10 felony counts of mishandling classified information from the National Security Agency and trying to obstruct authorities' investigation of his alleged actions.

Thomas A. Drake, 52, has not been accused of sharing the most sensitive of the NSA's secrets: the means it uses to intercept e-mails and phone calls around the world, or the tools it employs to crack adversaries' codes. Instead, Drake allegedly provided a steady stream of documents and information to a Baltimore Sun reporter whose work exposed NSA system failures and mismanaged programs.

Drake's lawyer said Thursday that his client had cooperated with authorities but would now mount a vigorous defense against the charges.

Prosecutions -- let alone convictions -- of leaks cases have been rare. Many result in efforts to compel journalists to reveal their sources, but in this case the government appears to have identified an alleged leaker directly.

Federal prosecutors dropped charges last year against two former lobbyists for a pro-Israeli advocacy group accused of conspiring to obtain classified information on al-Qaeda and Iraq and provide it to news organizations, including The Washington Post. That effort, launched during the Bush administration, included allegations of espionage, a charge prosecutors have not levied against Drake.

The most prominent case in recent years, involving I. Lewis "Scooter" Libby, the former chief of staff to Vice President Richard B. Cheney, showed the flip side of the issue -- instances in which senior government officials sanction leaks to advance their political aims. Libby was convicted of perjury and obstruction of justice after being accused of providing secret information about Iraq to a reporter.

In its indictment of Drake, the Justice Department portrayed him as a longtime consultant and executive at the world's premier code-breaking agency who nevertheless relied on relatively unsophisticated methods to give away NSA secrets. Those methods allegedly included copying and pasting documents in order to remove classification markings, as well as using a widely available encrypted e-mail service.

Drake "exchanged hundreds of e-mails" and met with a reporter, whom the indictment did not name. Drake also "reviewed, commented on, and edited . . . final drafts" of the reporter's articles, according to the indictment. It accused Drake of shredding documents and wiping computer hard drives when he suspected authorities were on his trail.

The case could create new tensions between the government and the media, putting pressure on reporters and the sources they rely on in some cases to highlight government waste and abuse.

Bruce W. Sanford, a First Amendment lawyer in Washington, called the Justice Department's explanation of the case "prosecutorial pabulum." He said that "leak prosecutions against people trying to improve national security are absurd. What is not at stake here are sources and methods of intelligence-gathering. . . . This fellow is clearly a whistle-blower."

The indictment could also discourage government employees from speaking to reporters and would-be whistle-blowers from coming forward, said Lucy Dalglish, executive director of the Reporters Committee for Freedom of the Press. "I do think there are some people who will be enormously 'chilled,'" she said.

But U.S. intelligence officials have expressed growing concern that the release of unauthorized information was undermining national security, and that not prosecuting such actions has left the impression that those who leak will not pay a price.

"Our national security demands that the sort of conduct alleged here . . . be prosecuted and prosecuted vigorously," Assistant Attorney General Lanny A. Breuer said in a statement.

Drake could not be reached to comment. James Wyda, the federal public defender in Baltimore assigned to the case, said Drake had been "extraordinarily cooperative" with authorities and had held important government jobs over many years.

"Mr. Drake loves his country," Wyda said. "He's very disappointed that criminal charges were brought and we were not able to resolve this matter in another way."

Drake faces 10 felony charges, each carrying a maximum penalty of five to 20 years in prison and up to a \$250,000 fine.

Drake had served as a contractor to the NSA before becoming a full-time employee in 2001 assigned to its signals intelligence and engineering directorates, according to the indictment. It said his contacts with the reporter began in late 2005 or early 2006.

The contacts were encouraged by a former congressional aide with whom Drake had a self-described "close, emotional friendship," according to the document. The former aide had retired from congressional staff in 2002 and was not identified.

Drake subsequently set up an account with Hushmail, a secure online e-mail service based in Vancouver, B.C., that offers what it calls "near military grade" encryption, and encouraged the reporter to do the same, according to the indictment.

Hushmail director Steven Youngman said Thursday that the firm will provide the encrypted content of e-mails and other information to law enforcement authorities when they produce a court order.

Speculation about the identity of the reporter focused on Siobhan Gorman, an intelligence correspondent then working for the Baltimore Sun who has since joined the Wall Street Journal. Gorman was among a small circle of journalists who covered the NSA closely, publishing a string of stories in 2006 and 2007 that spotlighted management lapses, technical problems and budget shortfalls at an agency known for its aversion to the press.

Her stories included references to sources who appear to match prosecutors' descriptions. A Jan. 17, 2007, story on budget woes at the NSA, for example, refers to "a senior intelligence official speaking on condition of anonymity" and "a former congressional aide" in successive paragraphs.

Drake's security clearance was suspended in 2007, and he resigned from the NSA a year later "in lieu of termination," the indictment said.

It was unclear whether Gorman had cooperated, or been asked to do so, in the case against Drake. Editors at the Sun referred calls to a spokeswoman, who declined to comment.

Gorman was covering the Senate confirmation hearing of NSA Director Lt. Gen. Keith B. Alexander when the indictment was announced. She declined to comment when approached by a reporter from The Post.

U.S. intelligence agencies are required to notify the Justice Department when classified material appears in the press. Former U.S. officials said such referrals have increased in recent years.

"There were scores, if not hundreds, of such reports sent over to Justice" each year from the NSA and CIA, said a former high-ranking U.S. intelligence official. "They generally ended up not getting anywhere near a courtroom."

nakashimae@washpost.com

Staff writers Carol D. Leonnig and Howard Kurtz and staff researcher Julie Tate contributed to this report.

Nearly Two Dozen Congressional Fundraisers Held At D.C. Springsteen Shows Last Year (WP)

By Marcus Stern And Sebastian Jones

[Washington Post](#), April 16, 2010

ProPublica Reporters

As Bruce Springsteen belted out working-class anthems on the floor of Verizon Center last May, Rep. Peter A. DeFazio (D-Ore.), chairman of the House Highways and Transit Subcommittee, was raising money in the privacy of a luxury suite overlooking the stage.

Ten other members of Congress were also asking for cash that night. The Democratic Congressional Campaign Committee was there, too, holding a fundraiser featuring Rep. Barney Frank (D-Mass.), chairman of the Financial Services Committee. It was the ultimate in multitasking for the politicians: three hours of the Boss for free while raising cash for their campaigns and political action committees.

DeFazio's aerie came with 18 tickets, a wet bar and a private bathroom. His campaign rented it for \$2,220 from the American Trucking Associations, whose legislative agenda focuses heavily on highway matters that pass before DeFazio's subcommittee. DeFazio then "sold" individual box seats to donors for \$2,500 a ticket. ATA's PAC snapped up one seat, which meant DeFazio effectively got the suite for free.

At least 19 congressional fundraisers were held at Springsteen's two Washington concerts last year, almost half of them in boxes rented from companies or organizations with business before the committees of the lawmakers who used them.

Rep. C.A. Dutch Ruppersberger (D-Md.), a member of the House Appropriations subcommittee that helps write NASA's budget, rented his box from a major NASA contractor. Rep. Patrick T. McHenry (R-N.C.), who is on the Financial Institutions and Consumer Credit subcommittee, rented his from a federal credit union association. Rep. John Barrow (D-Ga.), who sits on the Energy and Commerce subcommittee that drafted landmark tobacco-safety legislation last year, got his box from one of the world's leading cigarette makers.

Others who rented from corporations or trade associations include Reps. Ron Kind (D-Wis.), Patrick J. Murphy (D-Pa.), Joseph Crowley (D-N.Y.) and Adrian Smith (R-Neb).

Skybox meet-ups between lawmakers and lobbyists came under criticism during the Jack Abramoff scandal in 2004, but they persist. Lawmakers continue to enjoy easy access to events not available to most Americans. And lobbyists and wealthy business leaders still party with lawmakers who can directly affect their bottom line.

After several rounds of campaign finance reform, the events remain legal, including renting boxes from special interest groups. The only difference is that the corporations and lobbyists don't provide boxes for free, as they sometimes did before the Abramoff scandal. Instead, they often contribute to the lawmakers' campaign committees or leadership PACs, which then pay for the event cost.

Last year, at least 108 congressional fundraisers were held at Washington's three premier sports and entertainment venues, according to invitations obtained by the Sunlight Foundation, a Washington-based nonprofit agency devoted to government transparency. The true number might be higher because most invitations are never made public.

Because these events are usually kept private, it's impossible to determine who rubbed shoulders with the politicians or how much money was raised. ProPublica pieced together information about the Springsteen concerts from campaign finance reports filed by the interest groups and the lawmakers, archived party invitations and interviews with the handful of congressional offices and businesses that responded to questions.

Lawmakers and lobbyists insist that legislative decisions aren't made at these events. But congressional observers say the nighttime fundraising and socializing inevitably influences congressional work. "Unless they're childhood friends of the congressman, why do they do it?" said former Democratic senator Bill Bradley, who represented New Jersey in the Senate for 18 years. "The issue for them is always access, and that's what greases the access, so when there's something they need, they'll be able to get in and talk to the" lawmakers or their staff.

Only one lawmaker -- Rep. Elijah E. Cummings (D-Md.) -- allowed a staff member to candidly discuss his event.

Cummings rented his box directly from the company that manages Verizon Center, rather than from a corporation or special interest group. Donors who filled the box were mostly from businesses with interests before the Coast Guard and Maritime Transportation subcommittee that Cummings chairs, spokesman Mike Christianson said.

"It's the system in which he has to operate," said Christianson, who said his boss is a longtime supporter of public campaign financing. Timothy Lynch, senior vice president for legislative affairs for the American Trucking Associations, which rented its suite to DeFazio, said he doubts that the gesture could sway DeFazio on highway legislation.

"At the end of the day, it still comes down to a good argument, a factual argument, and members making a judgment of whether they agree with your argument or not," he said. Mutual interests

Internal lobbying documents prepared by defense and aerospace contractor ATK, which hosted Reps. Smith, Murphy and Ruppertsberger at Springsteen concerts last year, make clear that fundraisers are part of a broader influence strategy.

ATK, also known as Alliant Techsystems, dominates the solid-rocket market crucial to NASA's launch program and had \$700 million in NASA contracts last year. In a 2008 document, one mission laid out by the company's Washington-based government relations office is to "promote and protect NASA Programs" by targeting key members of the Appropriations and the Science and Technology committees, including through the use of fundraisers.

The three members of Congress who rented boxes from ATK for Springsteen concerts all sit on committees important to the company.

Ruppertsberger's campaign paid ATK \$7,000 for use of the suite. Just days before the concert, ATK contributed \$6,000 to Ruppertsberger, who sits on the House Appropriations subcommittee that draws up NASA's budget and also chairs the House Permanent Select Intelligence subcommittee that oversees satellite intelligence programs. In February, after the Obama administration announced plans to scrap NASA's Constellation program, Ruppertsberger told the trade publication Space News that the cuts could jeopardize national security. Industry analysts say program elimination could cost ATK hundreds of millions of dollars.

Ruppertsberger's campaign press secretary, Heather Molino, did not respond to questions. ATK spokesman Thomas Van Leunen said the company "routinely" makes its box available to customers and elected officials but refused to comment further. ATK also rented boxes to Murphy, who serves on Ruppertsberger's subcommittee, and to Smith, who sits on the House Science and Technology Committee, which oversees NASA research and development. The company gave Smith a \$2,500 contribution on the day he rented the box -- the same amount the congressman charged for tickets -- but the company would not say whether the money bought a seat.

Other lawmakers rented boxes from companies or trade groups with interests before their committees. McHenry rented a suite for a PAC fundraiser from the National Association of Federal Credit Unions, which has a large stake in financial reform legislation being weighed by his Financial Services Committee. Kind rented a suite from the American College of Radiology Association PAC, which heavily lobbied Congress and his Ways and Means subcommittee on health-care reform. Barrow rented his suite from Altria, the parent company of Philip Morris, which had a keen interest in tobacco legislation before his Energy and Commerce health subcommittee. Altria contributed \$7,000 to Barrow's campaign last year, more than offsetting the \$6,666 the congressman paid for the suite.

Crowley rented his skybox from GE/NBC Universal. Crowley sits on the tax-writing Ways and Means Committee, which is considering a repeal of offshore tax-saving strategies popular with multinationals such as GE.

The Democratic Congressional Campaign Committee held its May 18 fundraiser in a suite rented from the American Resort Development Association, which had interests in several bills being handled by the Financial Services Committee. That committee is chaired by Barney Frank, the evening's special guest. Assessing value

Federal campaign finance laws require that lawmakers pay "fair market value" for skyboxes, but it's almost impossible for the public to determine whether rules are followed. A spokeswoman for Washington Sports & Entertainment, which manages Verizon Center, said lounge rentals at concerts are usually \$4,000 to \$8,000.

Of the seven lawmakers who rented boxes directly from Verizon Center, only one paid below the range: Rep. John Carter (R-Tex.), who paid \$1,568. Neither his staff nor the Verizon Center would say why.

Of the eight lawmakers who rented boxes from corporations, two paid less than Verizon Center usually charges. Crowley paid GE/NBC \$2,156; DeFazio paid the ATA \$2,220. Neither Crowley nor DeFazio responded to questions, but Lynch of the trucking association said Verizon Center set the price, an assertion that Verizon Center denied.

"I don't believe that's something we would do," said Sheila Francis, the spokeswoman for the facility's management company.

ProPublica researcher Kitty Bennett contributed to this report.

Texas City Revives Paddling As It Takes A Swat At Misbehavior (WP)

By Michael Birnbaum, Washington Post Staff Writer

[Washington Post](#), April 16, 2010

TEMPLE, TEX. -- In an era when students talk back to teachers, skip class and wear ever-more-risque clothing to school, one central Texas city has hit upon a deceptively simple solution: Bring back the paddle.

Most school districts across the country banned paddling of students long ago. Texas sat that trend out. Nearly a quarter of the estimated 225,000 students who received corporal punishment nationwide in 2006, the latest figures available, were from the Lone Star State.

But even by Texas standards, Temple is unusual. The city, a compact railroad hub of 60,000 people, banned the practice and then revived it at the demand of parents who longed for the orderly schools of yesteryear. Without paddling, "there were no consequences for kids," said Steve Wright, who runs a construction business and is Temple's school board president.

Since paddling was brought back to the city's 14 schools by a unanimous board vote in May, behavior at Temple's single high school has changed dramatically, Wright said, even though only one student in the school system has been paddled.

"The discipline problem is much better than it's been in years," Wright said, something he attributed to the new punishment and to other discipline programs schools are trying. Residents of the city's comfortable homes, most of which sport neighborly, worn chairs out front, praise the change.

"There are times when maybe a good crack might not be a bad idea," said Robert Pippin, a custom home builder who sports a goatee and cowboy boots. His son graduated from Temple schools several years ago.

Corporal punishment remains legal in 20 states, mostly in the South, but its use is diminishing. Ohio ended it last year, and a movement for a federal ban is afoot. A House subcommittee held a hearing on the practice Thursday, and its chairman, Rep. Carolyn McCarthy (D-N.Y.), is gearing up for a push to end the practice once and for all. She plans to introduce legislation within weeks.

"When you look that the federal government has outlawed physical punishment in prisons, I think the time has come that we should do it in schools," she said.

A joint American Civil Liberties Union-Human Rights Watch report last year found that students with disabilities were disproportionately subjected to corporal punishment, sometimes in direct response to behavioral problems that were a result of their disabilities. Many educators and psychologists say that positive tools, such as giving praise for good behavior and withholding it for bad, are far more effective for discouraging misbehavior.

Those techniques "encourage them to behave well in the future," said report author Alice Farmer. Paddling "makes students lose respect for their teachers."

Rules about paddling vary from district to district, but typically only administrators, not teachers, can mete out the punishment, which is done in private. Usually, a long, flat wooden paddle is used to give as many as three blows across the student's clothed rear end, although Farmer found students who had been hit many more times. Boys are overwhelmingly the target.

Not everybody in Texas is gung-ho about paddling. The practice has been banned in the state's big cities, and its use varies from campus to campus in districts that allow it.

In Alvin, a formerly agricultural city of 23,000 that has been swallowed by Houston's suburbs in the past decade, the policy is on the books but not used in many schools.

"I don't think it's that simple anymore," said Terry Constantine, who added that she hasn't swung a paddle in her 16 years as an elementary school principal there. "We look for our parents to work with us now."

At Alvin High School, where the technique is used, Principal Kevon Wells said he had paddled students about six times this school year. If a student continued to misbehave, he said, he wouldn't do it again. "I'm not into beating kids," he said.

But in Temple, a city just outside Fort Hood that shakes with the air horns of the trains that pass through its rail yards, many residents say they hope that the old-fashioned solution can address what they see as rising disrespect among youth. They say their discipline problems aren't different from those in any other school system in the country: students showing up late for class, or violating the dress code, or talking during lessons. Those habits were unheard of in the days when schoolteachers routinely swung a paddle, they say.

"Back then, you wouldn't throw spitballs, because you were afraid of the consequences," said Darr Kuykendall, a worker for a plumbing supply company.

"A lot of kids have tempers," said Abby Jones, a junior at Temple High School. "Those kids that would be paddled would think of it as a threat . . . and maybe would be better."

Parents also pushed for the change because many paddle their children at home and wanted consistent discipline in the classroom, said John Hancock, assistant superintendent of administration for the Temple schools, who has been an educator for more than 40 years.

"We're rural central Texas. We're very well educated, but still there are those core values. Churches are full on Sundays," Hancock said. "This is a tool we'd like in the toolbox for responding to discipline issues."

Hancock, an urbane, sturdily built Colorado native who wears horn-rimmed glasses, said the school system had banned corporal punishment about six years ago because a state law change made what was permissible uncertain. Follow-up made clear that schools could paddle, he said.

Since the policy was changed in May, the school system has paddled only one student, and that was at the request of his parent, Hancock said.

Many districts, including Temple, which is nearly evenly divided among white, black and Hispanic students, require parental consent before the punishment is given. Temple also requires the student's consent, Hancock said, and the punishment is considered equivalent to an out-of-school suspension.

Residents said restoring paddling is less about the punishment and more about the threat.

"It's like speeding," said Bill Woodward, a graphic designer. "Are they going to give you a speeding ticket, or . . . a warning? I'd speed all day if I knew it was going to be a warning."

D.C. Council Chairman Doubts Merit Pay's Finances (WT)

By Deborah Simmons

[Washington Times](#), April 16, 2010

D.C. Council Chairman Vincent Gray fired the first salvo in a Washington schools debate with national implications on whether teachers should be rewarded for performance rather than seniority, expressing skepticism about a tentative contract negotiated by Schools Chancellor Michelle A. Rhee and the Washington Teachers Union.

Mr. Gray, who is running for mayor, sent two letters demanding documents related to the contract's finances -- one sent to Ms. Rhee on Wednesday night, the other sent Thursday to Natwar Gandhi, director of the Office of the Chief Financial Officer (OCFO).

The letter to Ms. Rhee, a copy of which was obtained by The Washington Times, gives the chancellor a deadline of April 19 to provide the documents relating to the financing of the "merit-pay" component.

Ms. Rhee has made rewarding teachers according to merit a priority of her tenure since Mayor Adrian M. Fenty put her at the head of D.C. schools in June 2007.

In that letter, Mr. Gray specifically requested that the chancellor provide documentation of "private sources funds" regarding merit pay. The letter to Mr. Gandhi also demanded budget-related documents on the proposal.

"This groundbreaking contract treats teachers as true professionals, and we're happy to provide Chairman Gray with the information he has requested," Ms. Rhee told The Times.

Mr. Gray, who is opposing Mr. Fenty in the Democratic primary, is among several city officials who are expressing concern about the general direction of the overall spending plan and the schools' plan in particular.

Some lawmakers have said the mayor fails to substantially curb spending and his plan relies on spending reserve funds.

Funding schools has been a contentious issue since the council handed control of the school system to the mayor in early 2007. The mayor controls the direction of the school system but the council holds the purse strings. Mr. Gray opened hearings Monday on the mayor's fiscal 2011 budget plan.

The relationship heated up last fall, when Ms. Rhee said a \$43.9 million budget gap meant she would have to fire 388 employees, including more than 200 teachers. The council was blamed for the shortfall.

But on Tuesday, school officials said they had discovered errors on their part. The OCFO had miscalculated items in a cost analysis, and the miscalculations led to the dismissal of 266 teachers. The \$43.9 million deficit has been corrected and turned into a \$34 million surplus.

Because of the miscalculations, Mr. Gray said he now is skeptical of Ms. Rhee's "underlying assumptions and overall way to fund this agreement."

"I am requesting -- by April 19 -- Copies of letters, memoranda or other documents given to the OCFO, DCPS, or any other part of the DC Executive with regard to the teacher contract negotiations by private organizations that have promised to provide funding in connection with that contract including, but not limited to amounts committed and conditions on which funding is contingent," he said.

In announcing the agreement, school officials said the merit-pay program would be funded with \$64.5 million in private donations and that committal letters from the donors, including the Broad Foundation and the Wal-Mart Foundation, would be certified by the OCFO.

Mr. Gray's letter to Mr. Gandhi says there are "many unsustainable approaches" in the mayor's 2011 budget plan. Mr. Gray requested Mr. Gandhi relay documents and cost analyses of school salaries and benefits.

In his letter to Ms. Rhee, Mr. Gray requested documentation on several specific areas, including enrollment, and the number of full-time teachers and others in the union bargaining unit, as well as their salaries and step increases.

Pay-for-performance plans have historically been rejected by unions that don't want teachers' pay and tenure linked to student achievement. The Washington plan is voluntary and, Ms. Rhee said, "groundbreaking."

New York Schools Chancellor Joel Klein, who on Thursday signed a deal that ended his city's practice of paying teachers undergoing discipline cases while they did nothing in "rubber rooms," has called the D.C. merit-pay plan a "game-changer" and said he hopes it will become a national model.

The D.C. plan, which also needs approval by the union's rank and file, would allow teachers to volunteer for a plan that would grant them raises based on student performance on standardized tests and academic and other measures.

Mr. Gray sent his letters regarding financing the pay-for-performance program as Gov. Charlie Crist of Florida, a Republican who is seeking his state's U.S. Senate seat in November but trailing in polls, vetoed a statewide merit-pay plan called Senate Bill 6.

Mr. Crist criticized the bill to reporters at a Tallahassee news conference Thursday as "contrary to the best interests of the people of Florida -- because of the process by which it passed." Senate Bill 6 "sped through committees without meaningful input" from teachers and unions, he said.

According to the Tallahassee Democrat, more than 100,000 letters, cards and e-mails were sent to the governor on the issue, mostly from angry teachers urging a veto.

"We're thankful that the governor realized what some lawmakers wouldn't," Florida Education Association President Andy Ford said. Teachers, administrators and parents weren't consulted and their views of this radical legislation were dismissed repeatedly by many legislators."

The Gray letters follow recent news that Delaware jumped to the head of the line in the Obama administration's Race to the Top funds. Delaware school officials worked hand in hand with union leaders to develop a plan that holds teachers' accountable for their students' academic performance. The D.C. plan fell short.

Police Find Social-host Laws One More Way To Crash Teen Parties And Penalize Parents Who Allow It (CHIT)

As prom and graduation approach, civic leaders look for new ways to discourage families from allowing teens to drink

By Lisa Black, Tribune Reporter

[Chicago Tribune](#), April 16, 2010

For most of her life, Bridget Hegg has watched her parents mourn the loss of her teenage brother, Mark, who sneaked out with friends and died in an alcohol-related car wreck.

Today, Hegg, 17, a senior at Lake Forest High School, says she struggles to comprehend why so many adults enable - or even supply booze for - their children's partying. Her parents had nothing to do with her brother's death in 1996, but she knows others often dismiss the risks as nothing more than a teen rite of passage.

"I believe parents are a huge reason why underage drinking goes undetected," said Hegg, who recently put stickers on beer cases at cooperating liquor stores as part of a national "sticker shock" campaign that warns people it's illegal to buy alcohol for minors.

With the arrival of proms, graduations and warm weather, community leaders are geared up for another prime party season. And more are taking a get-tough approach with adults who provide alcohol to minors, or who turn their backs to underage drinking, whether it's on their property or not.

In Lake County, 24 municipalities - most recently Barrington and Lake Forest - have approved "social-host" laws that penalize any adult who allows a minor to drink or use drugs. Chicago's social-host ordinance calls for jailing any "supervising adult" for up to six months if convicted of allowing teen drinking or possession of alcohol.

Other communities including Wheaton, Oak Park and Alsip are hosting alcohol-free prom parties, launching educational campaigns or more aggressively enforcing laws already on the books.

In Naperville, a woman accused of throwing parties for high school students recently pleaded guilty to providing alcohol to a minor and was ordered to serve eight days in jail and placed on a year's probation.

Orland Park police plan to step up their presence near banquet halls hosting prom parties, while Downers Grove police will work with hotels, whose owners have been asked to contact authorities if they see teens congregating in a room.

"With kids, it is so important to give a consistent message," said Barbara Karon of Barrington, whose children are 15 and 18. "Kids are smart. When I was a kid, I was looking for loopholes."

Karon serves on a coalition trying to enact social-host laws in every community. The laws differ slightly by town, but most include fines that grow higher with each offense. In Lake Forest, for instance, parents may be fined up to \$2,500 for allowing teens to drink.

Earlier this week, Lake County officials approved a social-host law that applies to unincorporated areas. Like the municipal ordinances, it broadens the definition of those who may be held accountable and the types of places where it can be enforced. Police may arrest a parent, baby sitter or older sibling deemed responsible for an event, whether it takes place at home, in a banquet hall or limousine or on a boat.

But not everybody is on board, as some critics find such laws intrusive. Proponents are likely to meet stiff opposition as they push a state bill that would be similar to the local ordinances. State law currently holds parents accountable for teen-drinking parties but only if someone is injured or dies as a result.

In Barrington Hills, village trustees recently decided against pursuing a social-host law, deciding that the debate would be too divisive.

Village President Robert Abboud said he does not believe that his affluent, equestrian community is ready for such a law.

"The argument that parents have, which is a well-meaning argument, is: Look, they are my kids. I can decide what to do," Abboud said. "If they are drinking in my barn, I know where they are, and they are not driving and I know they are safe."

Proponents want a state law so there is no safe haven for teens bent on drinking or parents who condone it.

Lake County's social-host laws were initiated after the October 2006 deaths of Danny Bell and Ross Trace, both 18, who were killed in a car crash after leaving a party at the Deerfield home of Jeffrey and Sara Hutsell. The Hutsells were convicted of allowing underage drinking at their home and other charges.

Despite widespread attention to the case, "as time goes on, less and less of it comes to the forefront," said Mundelein Police Chief Raymond Rose, who travels the state to support social-host laws. "So people are just back to where they were. Parents just have a hard time with this topic."

Mundelein police have arrested nine people since November, when its social-host ordinance was approved, including a man and woman accused of allowing their son to provide alcohol to his friends. The wife tried to run when police arrived at the home, Rose said.

In Buffalo Grove, officials used their online police blotter to educate residents about new social-host laws after recent teen parties. On April 3 and 4, 36 people between ages 15 and 20 were arrested for unlawful consumption and possession of alcohol at two unrelated parties. At each home, a young man whose parents were not home held the party. The men, 18 and 20, face additional charges under the social-host law, according to police.

Officials also are trying to move beyond the usual message that condemns drinking and driving as they emphasize the dangers of alcohol on a child's developing brain and increased risks of violence or sexual assault.

Lake Forest officials believe they have made a difference, finding it much easier this year to raise \$23,000 for an after-prom party.

"Parents need to stand up to their children," said Hegg, who lost her brother. "A lot of parents want to be friends."

Freelance reporters Joseph Ruzich and Wendy Normandy and staff reporter Jeff Long contributed to this report.

lblack@tribune.com

Rebate Expected To Put Sparkle Back In Appliance Sales (CHIT)

Illinois starts doling out federal funds for rebates on certain Energy Star-labeled goods

By Sandra M. Jones, Tribune Reporter

[Chicago Tribune](#), April 16, 2010

Call it a Black Friday sale on appliances.

The state of Illinois is ready to hand out \$6.5 million in federal funds starting Friday to help revive the recession-battered business of selling refrigerators, dishwashers and the like. Retailers are hoping for a frenzy of holiday-season-like activity, though no one knows how long the funds, or the deals, will last.

Some 670 stores in Illinois are competing for instant rebates in a program that is stretching the organizational wherewithal of the state.

The offer is a simple one: Buy a government-labeled Energy Star home appliance and get a 15 percent discount.

Illinois is one of the few states that is putting the onus on retailers to front the rebate money to customers and then get reimbursed by the state later. That strategy makes it easy for consumers but hard on merchants. No retailer wants to be stuck offering a discount after the cash-for-appliance till is empty.

"We haven't seen this situation before," said Doug Moore, president of appliances at Sears Holdings Corp. in Hoffman Estates. "It's really not our money and we're not in a position to be a bank. When the money runs out in the state, it's similar to a Black Friday special. When you have 100 TVs available and you run out, that's it."

Sears, the nation's largest seller of appliances, is hoping the state rebate program will drive business to its stores beyond the initial program. Sears plans to open at 6 a.m. and to offer an additional 30 percent discount. The retailer sells about one in three appliances in the U.S., down from about 40 percent a decade ago, as Lowe's, Home Depot and Best Buy entered the market. All three are among the retailers participating in the program.

Abt Electronics, the family-run appliance showroom in Glenview, expects Friday to be the biggest sales day by far in the company's history. It is bringing in vendors from Whirlpool and General Electric to explain their products and has called all 200 sales people to work. The store will open at 7 a.m., two hours earlier than normal. Attendants will be directing cars into the parking lot.

"Everyone is worried the money is going to run out in a day or two," said Mike Abt, president of the retailer. "We're going to promote it starting (Thursday night), but it's going to get tricky after that."

Since the federal government created the program last year as part of the American Recovery and Reinvestment Act, each state set the rules for how to hand out its portion of the \$300 million available nationally.

After watching Iowa and Arizona go through their cash-for-appliances funds in a matter of hours, far short of the 30 days allotted for the program, Illinois decided to create rebate rules to make sure a wider swath of consumers will get a shot at savings. The rules were being revised as recently as last week as state officials tried to balance the local mandate to make the program consumer friendly with the complicated logistics of letting hundreds of retailers know in real time when the funds have run out.

The Illinois Retail Merchants Association, the trade group that has acted as the go-between for retailers and the Illinois Department of Commerce and Economic Opportunity running the program, is charged with keeping track of the funds and reporting back to Illinois retailers every two hours. Appliance retailers accounting for 60 percent of the market agreed to provide the trade group with regular sales updates throughout each day, through Sunday night.

Last week 152 retailers voiced their concerns during a lengthy Web conference call hosted by the trade group. The feedback prompted the state to make several last-minute changes to the rules, including limiting the order-taking to between 8 a.m. and 9 p.m., and stretching the delivery date deadline to May 28 from May 10.

The state also set a cap of \$400 on the 15 percent rebate discount in an effort to make the funds last longer. (If you were planning on buying a \$10,000 Sub-Zero refrigerator and saving \$1,500, you're out of luck.) Shoppers must come into the stores to place their orders, in contrast to other states that took reservations online or over the phone ahead of the sale.

"What we did over the last couple weeks is to try and find ways to slow the burn rate of the dollars," said David Vite, president of the Illinois Retail Merchants Association. "The whole purpose of the program is to try to drive sales and to create some demand."

The 15 percent discount applies to qualifying energy-friendly refrigerators, freezers, dishwashers, washing machines and air conditioners. Consumers also get a \$75 mail-in rebate for getting rid of an old refrigerator or freezer, down from \$100 the state originally discussed.

The appliance rebate program, which also launches in Texas and Florida on Friday, comes just as appliance sales are starting to show signs of revival, according to NPD Group, a Port Washington, N.Y.-based market research firm.

U.S. appliance sales fell 2.6 percent for the 12 months ended February to \$22.2 billion from the same period in 2009, according to NPD. The drop is an improvement from the year earlier, when sales for the 12 months ended February 2009 fell 9.6 percent to \$22.8 billion.

More consumers, when they buy new appliances, are replacing them with upgraded models. NPD analyst Mark Delaney said that's a positive sign, considering the housing market has done little to drive new appliance business.

"It's less ugly out there," said Delaney. "We're starting to see some signs that the bottom is starting to show."

smjones@tribune.com

By the numbers

Funds available

: \$6.5 million

Discount

: 15 percent, up to \$400

Illinois stores participating

: 670

Dates

: April 16-25 (although funds are expected to be gone as soon as this weekend)

Illinois sales forecast

: 65,000 appliances worth \$45 million

Eligible appliances

: Energy Star-qualified washing machines, refrigerators, freezers, dishwashers and room air conditioners

Hours to place orders

: 8 a.m. to 9 p.m. in stores

Meteorite Hunters Rush To Wisconsin (CHIT)

Fireball lights up the Midwest sky

By William Mullen, Tribune Reporter

[Chicago Tribune](#), April 16, 2010

Following a fireball that lit up the night sky and a sonic boom that rattled houses over a large swath of the Midwest on Wednesday night, another phenomenon is arriving in southwestern Wisconsin: meteorite hunters.

Paul Sipiera, adjunct curator of the Field Museum's Pritzker Center for Meteoritics and Polar Studies, plans to lead a team of four investigators to Grant County on Friday, and other meteorite hunters are expected to descend on the area too.

"What we will try to do is coordinate eyewitnesses who saw the fireball and pinpoint its trajectory, then get word out to farmers to get them to be on the lookout for strange rocks," said Sipiera, whose Planetary Studies Foundation, based in Galena, Ill., buys meteorites for the Field Museum collection.

By Thursday night, no discovery of meteor fragments had been reported, but if they are found, far more meteorite hunters will likely pour into the area, Sipiera said. Luckily, he said, it is plowing time, and if larger meteorites buried themselves as they fell into fields, they will be exposed with plowing.

Sipiera's wife, Diane, screening calls to the foundation on Thursday from potential hunters, said she heard from people as far away as England.

"I would guess there are meteorite hunters and dealers boarding airplanes all over the country this morning, heading for Wisconsin," said Mark Hammergren, an Adler Planetarium astronomer who studies asteroids, the primitive small planetoids from which most meteors originate.

A meteorite is a surviving fragment of a disintegrating, fiery meteor as it plunges from outer space through the Earth's atmosphere. Because they are primitive pieces of the early days of the 4.5-million-year-old solar system, they are prized by scientists and collectors. Hundreds of meteorite fragments landing in south suburban Park Forest in 2003 were worth an estimated \$500,000.

Wednesday's fireball dramatically burst across the sky over parts of Missouri, Iowa, Minnesota, Illinois and Wisconsin shortly after 10 p.m.

In northwest suburban Woodstock, the flash of light out Christine McMorris' kitchen window put to shame all the shooting stars she had seen in the West. On a farm outside downstate Dixon, Becky Hoffman thought it was a transformer blowing up. In Iowa, state Trooper Tim Beckman at first thought it was lightning, except then it roared across the sky.

"It has the appearance that is completely consistent with being a meteor," said Hammergren, though it will take finding fragments of it on the ground to prove it.

Luckily, the suspected meteor's path was captured by Doppler radar at weather stations in the Quad Cities and La Crosse, Wis. Hammergren and others analyzing the evidence said it deposited fragments on the ground. The consensus is that fragments probably landed somewhere near Livingston, Wis., a village of about 600 people in eastern Grant County.

Hunting for meteorites became more widely known from a reality television series begun last year on the Science Channel, "Meteorite Men." One of its two stars, Arkansas meteorite hunter Steve Arnold, said he was intrigued by the Wisconsin fireball, though he and his partner on the show, Geoff Notkin, are scheduled to be at a New York astronomy and telescope convention this weekend.

"When things like this happen," Arnold said, "it is kind of like the alarm going off in the volunteer fire department. If you can pull your boots on and go, you go, but if not, you wait to hear what happens. I have friends going there, and if they find something, I will maybe have to change my plans and go too."

wmullen@tribune.com

Jobless Benefits Advance (AJC)

By Jamie Dupree

[Atlanta Journal-Constitution](#), April 16, 2010

Once again last night, we saw a vivid demonstration from the Press Gallery of how Congress can suddenly act after days of inaction, as an \$18 billion jobless benefits bill gained final House and Senate approval.

The revised plan would extend until June 2 both jobless and COBRA health benefits, along with a series of other measures, like once again delaying a 21% cut in Medicare payments to doctors.

There had been talk early in the day about this debate spilling into Friday, but when a three day weekend gets dangled in front of lawmakers, things can change pretty quick.

And that's what happened first in the Senate, as around 4:30 pm, the dam broke.

"We could move to a series of votes in as quickly as five minutes to WRAP THIS SUCKER UP," read an excited email to reporters.

Soon after, the Senate approved a non-binding amendment that put Senators on the record about a Value Added Tax (85-13 against it) followed soon after by a final vote on the jobless benefits extension.

The final vote was 59-38 - three Republicans broke ranks to vote for the bill, Sen. George Voinovich (R-OH) and both Senators from Maine (Snowe & Collins).

And soon after 6pm, Senators were headed for the airport, with no votes until Monday evening.

Usually, the House would be long gone by Thursday evening, but Democratic leaders stuck around just in case things got moving in the Senate, and so two hours later, the jobless benefits bill had been approved in the House and was on its way to the President's desk.

The House vote was 289-112 in favor of the bill. Only one Democrat voted no, Rep. Jim Cooper (D-TN).

While only three Republicans backed the bill in the Senate, 49 voted 'Yes' in the House. You can see the vote breakdown at <http://bit.ly/9TT5A8>.

One interesting part of that vote breakdown is the list of 29 House members who didn't make the last vote of the week. Some of them probably gambled that the vote wouldn't happen and headed home.

A few were with President Obama down in Florida (Reps. Kosmas and Meek). Some were likely already down at the big Tea Party rally at the Washington Monument (Rep. Pence).

Others might have been leaving town on a Congressional delegation trip to somewhere important. Here is your list of the 29 House members who missed the \$18 billion jobless benefits vote; 17 are Republicans and 12 are Democrats.

Barrett (R-SC), Berry (D-AR), Bilbray (R-CA), Boehner (R-OH), Boyd (D-FL), Brown (R-SC), Capitol (R-WV), Edwards (D-MD), Gallegly (R-CA), Gonzalez (D-TX), Hoekstra (R-MI), Jackson Lee (D-TX), Kline (R-MN), Kosmas (D-FL), Luetkemeyer (R-NE), McCotter (R-MI), Meek (D-FL), Miller (R-FL), Neugebauer (R-TX), Pence (R-IN), Radanovich (R-CA), Ruppertsberger (D-MD), Linda Sanchez (D-CA), Speier (D-CA), Tiahrt (R-KS), Towns (D-NJ), Wamp (R-TN), Wasserman Schultz (D-FL), Young (R-AK).

Fulton County School Board To Consider Raising Millage Rate (AJC)

By Gracie Bonds Staples, The Atlanta Journal-Constitution

[Atlanta Journal-Constitution](#), April 16, 2010

Fulton county residents soon may get the additional tax some of them have been asking for. It just might not bring the parents' desired result of saving a music program.

Superintendent Cindy Loe recommended to the school board at its regularly scheduled meeting on Thursday that the millage rate be raised by one mill.

The increase, one of several recommendations the superintendent made to shore up the system's 120 million budget shortfall, would bring in an additional \$28 million in revenue, Loe said.

"You have been great stewards of taxpayer money by rolling back the millage in earlier years," Loe said. "But now as property values are declining, we need to address millage."

The board will consider Loe's newest recommendations at its next meeting on April 22 at Dunwoody Springs Charter Elementary School.

Some parents, upset over the elimination of the district's popular elementary band and orchestra program, have been advocating raising the millage rate for weeks as a way to either reinstate the program or, as a compromise, provide a fifth-grade-only program.

But the school district is moving ahead with its plan to convert the elementary school band program into a fee-based after-school program and has asked local contractors to submit proposals to run it. Contractors have until April 22 to submit proposals.

Loe has said the district had little choice in cutting the band program because it operates solely on local funds.

Still parents have pledged to continue their fight to keep the program. They said they will again make their case to the board on April 22.

Only one parent, Jacquette Quashie, addressed Thursday's meeting but her comments had nothing to do with music. Quashie, president of the PTSA at Langston Hughes High School in Fairburn, said that under the proposed budget cuts the county would lose 27 of its counselors.

"That's unacceptable. Counselors are the glue," she said. "They hold the key to student progress, especially at the high school level."

On Thursday, the superintendent also recommended, among other things, cutting central office operating costs by 10 percent, requiring all employees to take three furlough days, and stopping door-to-door transportation for magnet students.

"They will have to get to their home schools and ride the bus from there with other students," Loe said.

School districts across metro Atlanta are facing huge budget deficits. Most have decided so far to take similar steps, from trimming staff, to furloughing teachers, cutting community education and increasing class sizes. Fulton, which is furthest along in the budget process, is the first to approve cost-cutting items like increasing class size, eliminating the summer CRCT retake program and reducing the school calendar from 180 to 177 days.

Board member Katie Reeves stressed early in the meeting that none of the districts has spent its system into the ground.

"Every school system is required to have a balanced budget every year by Georgia law," she said. "We are simply trying to bridge the gap between our expected revenues and expenses."

The Fulton board over the past two months has voted to accept Loe's recommendation to cut 1,000 positions, including 500 teachers, many of whom may in the end keep their jobs as the reductions come through attrition.

The system is proposing a 2011 budget that is about \$120 million less than the 2010 budget -- from \$857 million to \$737 million.

In other business, Loe recommended the board reject applications for nearly a half dozen start-up charters, including those for Chattahoochee Hills and Young Leaders Collegiate Academy.

Loe also commended the Northview High School chamber orchestra for its performance recently at the National School Boards Association conference in Chicago. The orchestra was chosen from about 100 other ensembles for the honor of performing during the conference's April 10 opening session.

AirTran Hiring Pilots, Flight Attendants Again (AJC)

By Kelly Yamanouchi, The Atlanta Journal-Constitution

[Atlanta Journal-Constitution](#), April 16, 2010

AirTran Airways plans to hire 159 pilots and 135 flight attendants this year as it resumes growth after a year of cutbacks across the industry.

Not all airlines plan to follow suit, and hiring is spotty at most.

While Atlanta-based Delta Air Lines has been hiring employees in airport customer service, reservations and other areas, it has not announced pilot or flight attendant hiring.

Southwest Airlines' top executive this week said his airline has no plans to hire employees this year and is trying to reduce headcount through attrition. Dallas-based Southwest is the nation's largest low-cost carrier.

AirTran's move is a bright spot for both the airline industry and the economy in metro Atlanta, AirTran's main hub and home base for most of its workers. Airlines are among the region's biggest private employers.

About 20 newly-hired pilots have already finished training, AirTran said.

The airline plans to increase its flight capacity by 3 percent to 4 percent this year. Next year, it plans to add seven Boeing 737 jets to its fleet.

AirTran, which no longer has employees on furlough, hired flight attendants last year but hasn't hired pilots in several years.

The pilots and flight attendants coming aboard will help AirTran address some problems in operations, the company said. Over Easter weekend, AirTran said it canceled some flights due to staffing shortages, heavy holiday traffic and crew scheduling issues.

Along with the pilots and flight attendants, AirTran expects to continue to hire ground workers and gate agents.

"We're in a very good position to be able to grow," said AirTran spokesman Christopher White.

Jim Morris, a spokesman for the Air Line Pilots Association at AirTran, said "it's great" that AirTran is adding employees.

"We also believe that this would be impossible if it had not been for the contribution of the existing pilot group," he said, as the union continues years-long negotiations with the company over a contract. "We think it's time for the company to finally finish this deal."

'Tea Party' Protesters Descend On State Capitol (AJC)

By By Jim Tharpe, The Atlanta Journal-Constitution

[Atlanta Journal-Constitution](#), April 16, 2010

Georgians angry about high taxes, soaring budget deficits and the federal health care overhaul descended on the state Capitol on Thursday for a tea party that was half conservative pep rally and half a warning to Washington.

"We are going to save this county," Ginni Thomas, chairwoman of Liberty Central and wife of U.S. Supreme Court Justice Clarence Thomas, told 3,000 sign-waving people. "We have got to stop this. This is not a game."

Thomas lambasted runaway government spending and so-called cradle-to-grave entitlements, which many in the tea party movement believe are undermining the future of the nation. She received one of the strongest receptions during the three-hour rally when she led the crowd in a rousing cheer.

"We'll remember! In November!" the crowd shouted back at Thomas' urging. It was a theme emphasized by the dozen or more speakers who vowed to take down incumbents in the upcoming elections.

Ralph Reed, chairman of the Faith and Freedom Coalition, said members of the tea party movement have been unfairly demonized by their political adversaries and the mainstream media.

"You are what's right with America," Reed said. "We will not be intimidated. We will not be silenced. We will not go away."

Reed predicted in the upcoming November elections "the whole world will hear the message we deliver."

A few politicians attended the event, including state Sen. Preston Smith (R-Rome), who recently was ousted from his committee chairmanship after he refused to back a hospital tax that Republican leaders said was needed to balance the state budget.

"This building and the Capitol in Washington, D.C., do not belong to the politicians and bureaucrats," Smith said as he pointed to the gold dome. "They belong to the people."

He went on to urge the crowd: "Don't back down. Don't let your patriotic voice be silenced."

The downtown Atlanta rally was one of about 20 rallies scheduled in cities across the state, from Jasper to Valdosta. It was one of hundreds across the nation on "tax day," when federal income taxes were due.

Loralee Maxwell and her husband, Roy, of Dacula showed up four hours before the 6 p.m. rally. She wanted a front-row seat and parked her wheelchair in front of Fox TV newscaster Neil Cavuto's broadcast platform at 2 p.m., four hours before the formal rally began.

"I really don't like the direction the government is headed," Maxwell said. "We are moving toward a socialist state. I think more responsibility should be placed on the individual."

Cavuto, who was greeted as a media hero, went with the rally live on TV and even scored a surprise interview with Atlanta Mayor Kasim Reed, a Democrat on the other end of the political spectrum from most of those running and attending the rally.

"We can have a robust debate in Atlanta," Reed said. "I welcome their arguments, but I have my positions, as well."

Hand-made signs were held aloft by many in the crowd. Some read: "Government Gone Wild," "Stop Spending Their Future" and "A Revolution is Brewing." One man carried a likeness of President Barack Obama in a Soviet-era uniform. One elderly man sat in his wheelchair holding a sign that read: "WWII Vet, My Generation Won Freedom, Don't Give It Away."

There was a carnival-like atmosphere early on. An Elvis impersonator entertained the pre-rally crowd during the afternoon as TV and police helicopters buzzed overhead. Men dressed in Colonial America attire wandered through the gathering. Conservative radio personality and former U.S. Senate candidate Herman Cain, one of the few African-Americans at the rally, was greeted like a rock star with chants of "Herman! Herman! Herman!"

In Marietta, tea party attendees rallied in a parking lot across from the Big Chicken landmark before 200 of them boarded four charter buses to travel to the big event in Atlanta.

Speakers stood on the back of a pickup truck parked in the shade. Many in the crowd said they had attended several rallies before and came prepared. Sandy Strickland of Austell carried several hand-made posters.

"I've had a good life," Strickland said. "I want the same opportunity for my children and grandchildren, and I don't see that now."

Martha Daughtry of Acworth dressed all in black because she was, as her own sign said, "Mourning Freedom."

"I believe the government has overreached and overspent and is over arrogant," she said. "There just has to be a stop. This is one small thing I can do."

Ed Christie, 65, of Kennesaw waved a "Don't Tread on Me" flag. He joined other veterans who were asked to come to the front of the crowd. Men cheered when a song from their branch of the military played.

"I just had heart surgery so I can't go downtown," Christie said. "I believe in the cause. The cause is right. The cause is the people."

Staff writers Ralph Ellis and Ernie Suggs contributed to this story.

Ford Says Auto Future Hinges On Electric Car (FREEP)

By Brent Snavelly

[Detroit Free Press](#), April 16, 2010

Ford Executive Chairman Bill Ford closed out the SAE World Congress on Thursday with an endorsement of the future of electric vehicles.

"All the early cars were electric," said Ford, great-grandson of company founder Henry Ford, at the engineers' conference. "They've been around really for the past century or so, but they really haven't had mass-market appeal."

. <http://www.freep.com/article/20100416/BUSINESS01/4160326/1318/>">Ford beats VW, takes No. 1 spot in Europe

But Ford said the automotive industry is rapidly changing.

Ford, an ardent environmentalist who worked for years to change the carmaker's culture so that it would embrace environmental goals, said new technology makes it possible to introduce electric vehicles that appeal to mainstream consumers.

"It appears that the biggest game-changer will be electric vehicles," Ford said during a speech in Detroit. "Our plan includes the introduction of five new high-mileage vehicles."

Ford said the automotive industry must introduce more fuel-efficient vehicles in order to meet the challenges of diminishing oil reserves, global warming and a desire by customers to spend less money on gas.

"The majority of our efforts are aimed at fuel-economy leadership," Ford said. "We want to provide affordable fuel economy for millions of customers."

Over the next three years, Ford plans to introduce a Transit Connect Electric commercial van, a Ford Focus electric vehicle, two new gasoline-electric hybrids and a plug-in hybrid.

Ford also said the company is committed to improving the fuel economy of all of its new vehicles.

This summer, Ford plans to launch the Ford Fiesta subcompact car. Ford has said it expects the Fiesta will get 40 m.p.g. on the highway and 30 m.p.g. in city driving.

Ford also is introducing technology in the car to help drivers get the most out of their vehicles.

On Thursday, Ford announced that the company is adding a new feature for the company's navigation software called Eco-Route.

Eco-Route will map the most fuel-efficient route to a destination and can help drivers achieve fuel-economy gains of up to 15%, the company said.

The feature is part of Ford's MyFord Touch, a new system that controls all entertainment, climate and information systems in the company's vehicle.

In addition to introducing new technology, Ford is gaining market share both in the U.S. and Europe. Ford's stock closed Thursday at \$13.76 per share, up 41 cents from its close on Wednesday and more than four times higher than its 52-week low of \$3.27 per share.

The company, which typically reports first-quarter earnings at the end of April, is expected to report a profit of 30 cents per share, according to a survey of 12 analysts by Thomson One Analytics.

"Nobody is getting cocky, or overconfident," Ford said. "Because, frankly, we've only taken baby steps on the long journey to where we really need to go."

Arson Suspect Stalked Victim's Mom, Police Say (HC)

Mother of one of the Baytown teens had complained of harassment from man charged with killing them

By Cindy Horswell Houston Chronicle

[Houston Chronicle](#), April 16, 2010

Joseph Francois Jean had warned his former girlfriend that their relationship would never truly be over "until he was finished with her and she had nothing."

That prediction was relayed in an investigator's report to the Harris County Sheriff's Office by the ex-girlfriend, Victoria Wiley - long before Jean was charged with capital murder this week for an act investigators said they believe would leave any mother's heart feeling empty and desolate. It transcends all the years of stalking and harassment that the courts had thus far documented since she broke off her 2?-year relationship with Jean in 2006.

Baytown investigators said they believe Jean used a baseball bat to fatally bludgeon Wiley's 17-year-old daughter, Chelsey Lang, and her 16-year-old cousin, Ashley Johnson, and then set fire to Wiley's house to conceal the crime. Their bodies were found early Sunday morning.

The teens, inseparable "best buddies," were having a sleepover while Wiley and her 15-year-old son, Naquiel, stayed with friends and family.

Wiley and other relatives were too distressed to talk about all that led up to the arrest, saying they are focusing on the funerals.

In a brief appearance in magistrate's court Thursday, Jean said he had not decided whether he wanted a court-appointed attorney. He could not be reached for comment.

Court records show Wiley repeatedly asked the legal system to help her break away from Jean. A history of problems

The first recorded incident was in August 2006, just after the relationship ended.

Chelsey Lang, then 13, telephoned her mother to report that she had come home and found Jean removing items from the house.

Wiley believed he may have used a key that she kept hidden under a mat. After midnight, that same evening, she reported receiving a phone call from Jean.

"Are you sure you want to dump me?" he asked, according to the report. "You're in for a very big surprise when you look in your closet."

When she looked, most of her clothes, valuable jewelry and purses were gone, the report said. Jean told her that he'd burned them.

She reported the incident and Jean was charged with burglary of a habitation.

Then less than two weeks later, records show, Wiley contacted law enforcement again to report Jean had knocked on her door and demanded to know if she had dared to "tell law enforcement on him."

She acknowledged reporting the burglary, which angered Jean enough to punch her in the face and force his way into the house, the report said.

"He then hit her an unknown amount of times on the head and back. She attempted to scream . but he put his hand over her mouth and nose . causing the blood to run into her mouth," the sheriff investigator's report stated. Before leaving, he threw a porcelain figurine at her, but missed.

Investigators came out again and noted Wiley's nose and face were swollen and blood was splattered on the carpet. Jean was then charged with "retaliation."

From that point, he was jailed without bail because of the prior burglary charge. In April 2008, he pleaded guilty to attempted burglary and retaliation in exchange for a three-year prison sentence.

About a month later, Jean was released early on mandatory supervision. Wiley told authorities that he almost immediately began harassing her with non-stop text messages and phone calls.

According to the sheriff's report, Jean complained that he could not find a job now because of the attempted burglary and retaliation convictions.

Wiley also reported being "afraid," saying Jean told her he would stand outside her town home and "watch her."

This was the same report that said he would never be finished with her until she was left with "nothing."

Jean, as a result, pleaded guilty to "harassing communications" in October 2008 and was sentenced to 10 days in jail. His parole was also revoked on the other charges until he was again let out early on a "discretionary mandatory release" the next June - a little more than nine months before the double homicide.

Andy Khan, the Houston mayor's crime victim advocate, said he believes the parole board should never have granted Jean early release.

"This crime was totally senseless, but utterly preventable," Khan said, likening Jean to a "ticking time bomb ready to explode." 25 cases

Jean has 25 criminal cases, including drug possession and assault, listed on his court records dating back to 1990.

Baytown Police Lt. Eric Freed said Jean's last release mandated that he stay away from Wiley. But at a local bar on the morning of the killings, Freed said, "There was a confrontation during which he grabbed her arm." Jean was ejected from the bar and a friend gave him a ride back to Baytown.

According to a probable cause affidavit, Jean told authorities he crept into Wiley's home through an unsecured bedroom window.

As he doused the hallway with gasoline, he said, one of the teens came out of a bathroom and startled him.

The report said he knocked her down and then got a baseball bat. He also said he thought the second teen had tried to escape.

After that, authorities said, Jean claimed he couldn't recall what happened, that everything was "blacked out."

Freed said Jean confessed to the slayings. He also expressed remorse during his confession, Freed said, insisting that he had not gone to Wiley's home to kill the teens but "had vengeance in his heart."

cindy.horswell@chron.com

HISD Sets Improvement Plan For Troubled Schools (HC)

Longer school days, staff changes among changes

By Ericka Mellon Houston Chronicle

[Houston Chronicle](#), April 16, 2010

Students at three underperforming high schools in Houston ISD would have a longer school year, receive personalized tutoring and likely will see some new teachers and principals this fall under an improvement plan unveiled Thursday.

The targeted campuses are Lee, Kashmere and Jones high schools, which have failed to meet academic standards for several years.

HISD Superintendent Terry Grier said he is confident the district will receive a federal grant to cover the estimated \$2.3 million annual price tag to pay employees for the 15 extra school days and tutoring.

"It's a competitive grant, but I think they would stand a very good chance at receiving it," said Debbie Ratcliffe, a spokeswoman for the Texas Education Agency, which doles out the federal dollars that are part of President Barack Obama's new school turnaround program.

Sharpstown High School also could be included in the reform plan if its graduation rate doesn't improve. And four middle schools - Attucks, Dowling, Fondren and Ryan - are slated for a longer school year and a tutoring program if the district can secure about \$1.3 million more.

Lee and Kashmere high schools both will get new principals. The positions are vacant after Grier's midyear appointment at Lee, Paul Castro, announced he was leaving for KIPP charter schools, and the school board fired Kashmere Principal Mable Caleb this month after an investigation found evidence of cheating and financial fraud under her watch at Key Middle School.

The principal at Jones, Yvette Blake, who is in her first year at the school, will remain on the job, said Grier's chief of staff, Michele Pola. Jones to be magnet

The Houston Independent School District also is vying for federal funds to turn Jones into a stand-alone magnet school for science, technology, engineering and math that would accept students from across the city.

L. Andre Humphery, a 1990 graduate of Jones who now works for Houston Community College, recalled how the school used to be revered when the Vanguard program for gifted students was there.

"My hope would be that HISD would provide Jones the resources to restore it to a point of confidence for both students and parents throughout the entire city of Houston and not just an area that might be socioeconomically challenged," he said.

Grier said he has not decided whether any teachers at the three high schools will have to reapply for their jobs. Some good teachers

The grant's reform models call for replacing 25 percent to 50 percent of the staff, but some of that could be done through natural turnover, or other teachers might decide they don't want to work a longer school year, Grier said.

He added that the schools, despite their failing academic ratings, have some good teachers.

"I saw some of the best teaching I've ever seen in my career from some of the teachers at Lee High School," said Grier, who visited the campus for the first time last week.

The extended school year would be 190 days, rather than 175, and students might also have to attend class on Saturdays, Grier said.

"There has to be a longer school year, a longer school day, a longer school week," he said. "It's not continuing to do what we do now."

The district plans to hire tutors - perhaps retired teachers or college students - to work with struggling students in groups of three to five for an hour to 90 minutes daily, according to Grier.

The improvement plans also call for testing students every two to four weeks to ensure they understand what they are being taught.

Grier said he wants the district to develop a "world-class" data system so teachers can access student scores instantly.

The district bought an \$18 million student information system, Chancery, a few years ago.

The district plans to hold community forums this month to talk about the plans.

ericka.mellon@chron.com

Kick-Ass Lives Up To Its Title, Billing (HC)

By Mick Lasalle Film Writer

[Houston Chronicle](#), April 16, 2010

Kick-Ass lives up to the promise of its title, but it's better than its title, too. It's not an innocuous comedy. It doesn't talk down to audiences. It brings together several popular strains of contemporary moviemaking and combines them into one big, shameless, audacious, compulsively watchable, irresistibly likable piece of pure entertainment.

It's a comic-book action movie, but it's not just that. It's also a teen comedy, with the honest outrageousness of an American Pie or a Superbad. At the same time somebody has been

watching Tarantino movies, because Kick-Ass has the crazy outsized, cartoonlike violence of a Tarantino film plus the knowing sense of humor. There's a serious intelligence behind this picture, and that's especially welcome in a genre usually exploited to attract people either too young to know better or too dumb to care.

The story concerns an average high school kid, Dave (Aaron Johnson), who aspires to be a superhero, even though he can't fight, has no super powers and no disposal income with which to outfit a bat cave. Uh-oh, you might think, this sounds like the recipe for something corny, a gentle comedy about a boy and his dream. Forget it. Five minutes into his superhero career, the same thing happens to Dave that would happen to any defenseless na?f who shows up in a jumpsuit and tries to stop a robbery.

Kick-Ass is the third film from director Matthew Vaughn (Star Dust, Layer Cake), whose movies, though very different, have in common a firm command of story. Starting with a high school kid who dresses like a superhero and calls himself Kick-Ass, the movie's world expands. The media get involved. Then the Internet. Organized crime is drawn into the story, and so are Nicolas Cage and Chl?e Grace Moretz as a lethal father and daughter duo who, in their superhero incarnations, go by the names Big Daddy and Hit Girl.

As a cop who has had his life ruined by a mob boss (Mark Strong), Cage is a poignant figure. Yet he's also quite funny in his Big Daddy incarnation.

The violence in Kick-Ass is off the charts, but the thing that might make it sound especially appalling is in fact the thing that mitigates it: most of it is committed by a charming, tiny 11-year-old girl. As Hit-Girl, Moretz kills at least 50 bad guys, and it's all so over the top and absurd that only the most sensitive souls will find it disturbing. Vaughn also speeds up the action during the violence and cranks up the soundtrack, turning each episode into a comic set piece.

Yet however grand and fantastic individual elements may become, Vaughn and Jane Goldman, who collaborated on the adaptation of Mark Millar's comic-book series, keep the personal relationships grounded in recognizable reality. For example, the ridiculous friendship that develops between Dave and the girl of his dreams, because she thinks he's gay. Or the family dynamic between the suave, ruthless mobster and his wonderfully nerdy son. Christopher Mintz-Plasse, who achieved screen immortality as McLovin in Superbad, plays the son, and with his cultivated aura of goofiness and misplaced self-satisfaction, he's made for the screen.

Likewise, though the events in Kick-Ass are extreme, we can recognize the violence and ridiculousness, as well the vanity and the craving of the central characters. This is our world, too, but a wild, funhouse version of it - emphasis on the fun part.

mlasalle@sfnchronicle.com