

July 10, 2006 Vol. 168, No. 2



critica	res	poi	1511	mi	ies a	lui
LETTE	RS.					
N O	T E	В	0	0	K	
Why I	hili	opi	ne	Pre	ider	nt
Why I Warre						

populism will heat up a combustible congressional contest...15

W O R L D

ASIA

TERROR RETURNS: Letters threatening violence against those working for the U.S.-backed government are the Taliban's newest tactic to raise doubt and fear in Afghanistan......32

UNITED STATES

**GUANTANAMO:** The Supreme Court dealt a serious legal blow to the White House's strategy against accused terrorists. Here's how the government can fix what's gone wrong......34

BUSINESS

**MACQUISITIONS:** Australia's Macquarie Bank built an empire by finding value in mundane enterprises, but its latest quarry, Hong Kong telecom firm PCCW, may prove more elusive.....38

WORLD CUP

**SICK MEN OF ASIA:** Japan and South Korea roared onto the pitch when they hosted the 2002 World Cup. So why do they now find themselves descending football's food chain?.......46

ARTS

TIME GLOBAL ADVISER

ESSAY: Football's governing body should lighten up.......60

COVER: Oil Drop by Photonica/Getty Images; Vladimir Putin by Sergei Guneyev for TIME. Photo-illustration by Yvonne McCrimmon



32

Afghanistan's tribal leaders are increasingly afraid that the Taliban might overpower coalition forces



Rising energy prices have given Russia wealth and power that it hasn't seen for more than a decade. At the same time, political freedom in the country is declining. As the G8 meets outside St. Petersburg this week, the world is asking: What does President Vladimir Putin plan to do with his newfound clout, and should the West be worried?

The U.S. Supreme Court blocks special tribunals for terrorism suspects at Guantánamo





For Asian fans, this World Cup has been full of heartbreak

TIME Asia publishes four double issues a year. Each counts as two of 54 issues in an annual subscription. TIME Asia may also publish occasional extra issues. Principal office: Time & Life Building, Rockefeller Center, New York, N.Y. 10020-1393, U.S. TIME Asia principal editorial and business office. Out or House 30th filton, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong, 9 2006 Time Inc. All rights reserved. Reproduction in whole or in part without written permission is prohibited. Time and the Red Border Design are protected through three posts are protected without written permission in the countries where TIME magazine circulates. Subscribers if the posts services protected address within two years. Customer service and subscriptions: for 24-7 service, please use our website time-orize comfounts/order. Surface. You may also contrate the Customer Services Center at (852) 3128-5688 or e-mail enquiries @lineinc.com or write Oxford House 30th filton, Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong, (In Japan enquiries can be made to 0120-666-236 or extratery panal@limeinc.com or Reoppong Hillis PO. Box 58, Minato-ku Tokyo 106-61241, Walling lists we make apportion of our mailing list available to reputable times. If you would prefer that we not include your name, please contact our Costomer Services Center. TIME Asia is edited in Hong Kong and printed in Singapone. Singapone. Singapone. Singapone. Singapone. Singapone. Singapone. Singapone. Singapone. Singapone.