

JUST LIKE JANUARY

Sunny and cold today, with highs in the mid-30s; clear and cold tonight.

Forecast, B6

The Providence Journal

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JANUARY 23, 2008

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EMERGENCY MEASURE

Federal Reserve slashes key interest rate in effort to steady stocks, spark spending; In R.I., Carcieri warns state teetering on financial brink, but promises no tax hike



THE PROVIDENCE JOURNAL / CONNIE GROSCH

In his office hours before delivering his State of the State address yesterday, Governor Carcieri meets with his chief of staff, Brian Stern, left.

Bush, Congress look to a stimulus package

BY EDMUND L. ANDREWS
THE NEW YORK TIMES

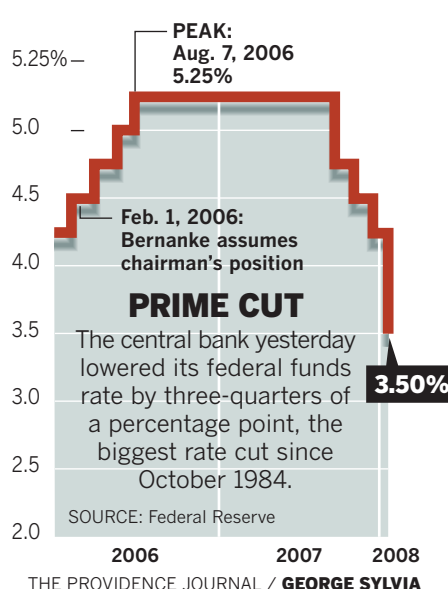
WASHINGTON — The Federal Reserve, confronted by deepening panic in global financial markets about a possible recession in the United States, struck back yesterday with the biggest one-day reduction of interest rates on record and at least temporarily stopped a vertigo-inducing plunge in stock prices.

STATE OF THE ECONOMY

The unexpected decision came after a rare, hastily called policy meeting by video conference on Monday evening, and it reduced the Fed's benchmark overnight lending rate by three-quarters of a percentage point to 3.5 percent.

The Fed's move was prompted in part by turmoil in global markets on Monday, a holiday in

SEE **ECONOMY, A4**



THE PROVIDENCE JOURNAL / GEORGE SYLVIA

Rhode Islanders say it's too little too late

BY LYNN ARDITI
JOURNAL STAFF WRITER

The Federal Reserve's surprise rate cut yesterday came too late for Steven A. Bigelow. His home remodeling and carpentry business, which once grossed six figures, is now off by at least 40 percent, he says. The bank last year foreclosed on his house. And his wife took a job as a school bus monitor so they could get health insurance for their family.

"What used to really keep me going for years was [mortgage] refinancing," says Bigelow, who is 52. "Of course, that came to a screeching halt." He and his wife, Maria, and their two children now share a three-bedroom rental in East Providence for \$1,750 a month. They have cut out

SEE **IMPACT, A4**

The governor likens the state's budget woes to the credit union crisis of the early '90s.

BY KATHERINE GREGG, STEVE PEOPLES
and CYNTHIA NEEDHAM
JOURNAL STATE HOUSE BUREAU

PROVIDENCE — Governor Carcieri told lawmakers last night that the state is teetering on the brink of financial disaster. "The state of the state is at a tipping point," he told a packed chamber of senators, representatives, judges and mayors. "If we are not willing to make the hard choices, then the tipping point will lean to the side of disaster, and we will have failed the people who sent us to serve them."

STATE OF THE STATE

Republican Carcieri served notice he hopes to bring public employees' workweeks and compensation packages "back in line with the vast majority of private-sector employees," impose a firm two-year time limit on welfare benefits, put city and town employees in one health-care plan with state workers and adopt what he billed as a Medicaid

SEE **ADDRESS, A7**

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Your turn: What's your take on the state of the state? To respond, and to hear and read the governor's speech, go to projo.com

Former medical center officials to be retried

Despite having their convictions overturned, the U.S. attorney says the ex-officials will face a new trial on corruption charges.

BY TRACY BRETON
JOURNAL STAFF WRITER

PROVIDENCE — Federal prosecutors will retry former Roger Williams Medical Center executives Robert Urciuoli and Frances Driscoll, whose convictions for allegedly paying former state Sen. John Celona to push the hospital's legislative agenda at the State House were overturned by a federal appeals court last Friday. In a news release issued yesterday,

U.S. Attorney Robert Clark Corrente said his office would try the defendants again because "we believe that the central allegations of the indictment remain essentially unaffected and that they remain well-founded. We will consult with the District Court and with counsel about scheduling, and we will be ready to go as soon as the court can accommodate us."

The 1st U.S. Circuit Court of Appeals, in Boston, reversed the October 2006 con-

victions of Urciuoli and Driscoll because, it said, their trial judge, Senior U.S. District Judge Ernest C. Torres, gave jurors overly broad instructions on what constituted criminal acts. The prejudicial instruction might have led jurors to convict based on actions that the appellate court said weren't federal crimes.

The reversal centered on how broadly the government could define "official acts" of a state legislator under the federal mail-fraud statute. The appeals court said

SEE **TRIAL, A7**

Plan offered to avert repeat of snowstorm response failure

BY AMANDA MILKOVITS
JOURNAL STAFF WRITER

EAST PROVIDENCE — Lt. Gov. Elizabeth Roberts and Maj. Gen. Robert T. Bray released a report yesterday that proposes to move forward from last month's snowstorm, but without looking back.

The report also doesn't mention major legislation in the works that would give the lieutenant governor more power when the governor is away and the

state more authority over cities and towns that turn down its assistance — proposals that would have a greater effect on how emergencies are handled in Rhode Island.

At a packed meeting yesterday of the Emergency Management Advisory Council, Roberts and Bray, head of the National Guard in Rhode Island, reviewed their recommendations to im-

SEE **RESPONSE, B3**

INSIDE TODAY

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CALL FOR COLLABORATION

Rather than approve Rhode Island Hospital's proposal to build a costly new bone marrow transplant unit, the state's Health Services Council urges the hospital to collaborate with Roger Williams Medical Center, which has its own half-empty bone marrow facility less than three miles away. **B1**



ACTOR FOUND DEAD IN NYC

Heath Ledger, whose performance in *Brokeback Mountain* in 2005 earned him an Oscar nomination, is found dead in a Manhattan apartment. The Australian-born actor was 28. **A7**

AND THE NOMINEES ARE



The winner of this year's Oscar for best picture will be either *Juno*, *No Country for Old Men*, *There Will Be Blood*, left, *Michael Clayton* or *Atonement*; Journal arts writer Michael Januson looks at all the nominees and assesses their chances. **E6**