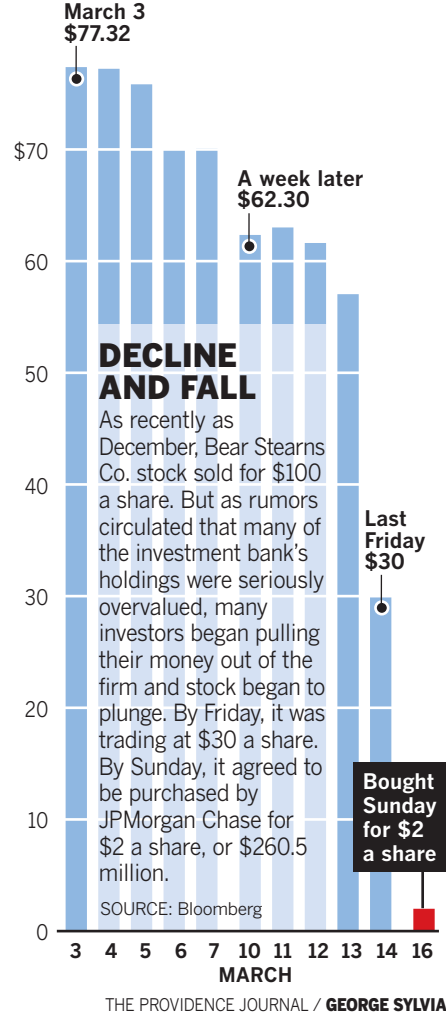


THE TROUBLED ECONOMY

## Taking dramatic actions



BLOOMBERG NEWS / DANIEL ACKER



THE PROVIDENCE JOURNAL / GEORGE SYLVIA

On the revolving door at Bear Stearns Cos. headquarters yesterday, someone taped a \$2 bill, signifying the per-share price the distressed investment banking firm was sold for Sunday.

## Schools chief Evans to resign

Providence Supt. Donnie W. Evans says he'll leave when his contract expires Sept. 19. Mayor David N. Cicilline says a nationwide search for a successor is already under way.

BY DANIEL BARBARISI and LINDA BORG  
JOURNAL STAFF WRITERS

PROVIDENCE — Supt. Donnie W. Evans unexpectedly announced last night that he will not try for another term as the city's schools chief and will leave when his contract expires in September. Evans withdrew his candidacy hours before the School Board was to decide whether to renew the embattled superintendent's contract for another three years.



EVANS

Evans' decision to step down comes amid a chorus of criticism from the City Council and the teachers union, much of it regarding his actions during the Dec. 13 snowstorm, when more than 100 schoolchildren were stuck on city

SEE EVANS, A9



Extra: To read Providence Supt. Donnie Evans' letter of resignation, go to [projo.com](http://projo.com)

## Fed poised to cut interest rates after rescuing investment bank

JOURNAL WIRE REPORTS

WASHINGTON — The Federal Reserve is poised to aggressively lower interest rates again today, perhaps by as much as 1 percent, as it continues its efforts to ease a major credit crunch and serve as a virtual safety net for the nation's teetering economy.

With fear gripping Wall Street, the Fed is trying to stave off a repeat of the collapse of investment banking giant Bear Stearns Cos., which prompted an emergency rate cut Sunday and the controversial move to help arrange a deal to sell the well-known firm to JPMorgan Chase & Co. at the rock-bottom price of \$2 a share.

The central bank's policy-making arm, the Federal Open Market Committee, will decide today if and how much to cut interest rates amid market expectations its benchmark interest rate, now at 3 percent, will be dropped by one-half to a full percentage point.

With the economy in what some analysts say is a recession and a crisis of confidence sweeping New York's banking center and the country, David

Wyss, chief economist at Standard & Poor's, predicted the central bank would slash interest rates by a full percentage point. Since last September, it has already reduced interest rates by 2.25 percent.



AP

Fed Chairman Ben S. Bernanke has faced an unprecedented credit crisis.

President Bush declared "we're in challenging times" and huddled yesterday with top economic officials — including Fed Chairman Ben Bernanke, Treasury Secretary Henry Paulson and Securities and Exchange Commission Chairman Christopher Cox.

On Wall Street, investors were still skittish. The Dow Jones industrials, in an erratic session, closed up 21.16 points, after having plunged nearly 200 points early in the day. Stocks in many of the nation's major banks and financial institutions plunged, however. Other stock indexes fell.

With the quick collapse of the investment bank Bear Stearns, fears are mounting about whether other financial companies may fall. Stocks in many of the nation's major banks and financial institutions plunged yesterday.

"The Fed is on high alert — something you don't

SEE ECONOMY, A9

## Credit crunch a tangled web that snares everyone

BY PAUL EDWARD PARKER  
JOURNAL STAFF WRITER

The collapse this weekend of Wall Street investment bank Bear Stearns will send ripples across the Rhode Island economy, according to two New England business experts interviewed yesterday.

"The easiest way to envision it, it's kind of like a spider web," said Mark M. Higgins, dean of the College of Business Administration at the University of Rhode Island. "What happens with one piece of the economy will have an effect on somebody else."

The collapse will make it harder to buy a car, pay off credit cards and finance a college education, according to Higgins and Augustine Faucher, director of macroeconomics at Moody's Economy.com.

SEE IMPACT, A9



Your turn: Should the government use taxpayer dollars to bail out banks that make bad lending decisions? To respond, go to [projo.com](http://projo.com)

## Carcieri taps 6 to serve on landfill panel

Senate President Joseph A. Montalbano, calling the choices "quality nominees," indicates that legislators could vote soon to confirm them.

BY MIKE STANTON  
JOURNAL STAFF WRITER

The board that oversees the Rhode Island Resource Recovery Corporation will have a new look, judging by the slate of nominees put forward by Governor Carcieri yesterday — one that includes an environmental manager, a real-estate developer, a retired state police major, a former state senator and two people with experience working in town government.

In the wake of controversies that had whittled the eight-member board to three, and a preliminary audit signaling possible mismanagement and corruption, the governor sent six nominees to the Rhode Island Senate.

Senate President Joseph A. Montalbano indi-

SEE LANDFILL, A9

## Supreme Court to review FCC's obscenity standard

Even a one-time utterance of an obscene word on radio and television broadcasts during daytime and early evening hours is subject to punishment.

BY ROBERT BARNES and FRANK AHRENS  
THE WASHINGTON POST

WASHINGTON — The Supreme Court announced yesterday that it will rule on the government's standards for policing the public airwaves for the first time since the court agreed 30 years ago that a midday radio broadcast of comedian George Carlin's "seven dirty words" monologue was indecent.

The court will review the Federal Communications Commission's policy that even a one-time utterance of an obscene word on radio and television broadcasts during daytime and early evening hours is subject to punishment. The lawsuit by Fox Broadcasting

arose after the commission reprimanded the broadcaster for incidents in 2002 and 2003, when singer Cher and celebrity Nicole Richie, during live award shows, used variations of a vulgar four-letter word.

The reprimand came after the FCC in 2004 reversed its position and said even "fleeting" expletives exposed the network to sanctions.

But in June, the U.S. Court of Appeals for the 2nd Circuit in New York concluded the policy was "arbitrary and

SEE OBSCENITY, A8

## Cheney in Iraq



U.S. AIR FORCE PHOTO VIA AP / TECH. SGT. JEFFREY ALLEN

Vice President Dick Cheney arrives in Iraq yesterday for talks with U.S. military and Iraqi officials. Even as he touted better security, 43 people were killed in a suicide bombing. Story, A7

## 1 in 3 of aged found with failing faculties

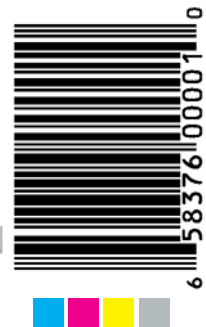
BY ROB STEIN  
THE WASHINGTON POST

More than 5 million elderly people have a hard time remembering things, sorting through daily decisions and even sometimes knowing what day it is, according to the first national estimate of how commonly the minds of aging Americans are starting to fade.

Using detailed evaluations of a nationally representative sample of 856 people ages 71 and older, the federally sponsored study concluded that 22 percent have begun to see their mental faculties decline, which translates into 5.4 million people.

"It's a huge number," said Brenda Plassman, a psychiatrist at Duke University Medical Center who led the study being published today in the Annals of Internal Medicine. "This is the first time we have an estimate of the number of Americans who have this condition," she said, noting that the find-

SEE IMPAIRED, A8



### INSIDE TODAY

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### GAS PRICES MATCHES RECORD

The average price of gasoline in Rhode Island rose for the fifth consecutive week, and now matches the all-time high of \$3.19 a gallon, set in the wake of Hurricane Katrina in 2005. E1

### CUTBACK IN SERVICES

In anticipation of proposed state budget cuts, the Homestead Group, which provides services to northern Rhode Islanders with developmental disabilities, announces it is laying off 22 staffers and cutting some of its programs. B1

### AIR QUALITY AN OLYMPIC ISSUE

The International Olympic Committee acknowledges that air pollution could be harmful for athletes at this summer's Olympics in Beijing and says it will monitor air quality daily during the Games to see whether events should be moved or postponed. A2

### ALL YOU NEED IS — \$48.6 MILLION



Paul McCartney will pay \$48.6 million to divorce Heather Mills — an enormous sum but only a fraction of the \$250 million she originally sought and a sliver of the former Beatle's estimated \$800-million fortune. F1