

STORMY MIX
Periods of rain today, with an occasional snow flurry through in; rain tonight.
Forecast, F8

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Fed acts to cut cost of credit for consumers

In an effort to revive the economy, the nation's central bank lowers a key interest rate to 2.25 percent.

JOURNAL WIRE REPORTS

WASHINGTON — The Federal Reserve took another aggressive step yesterday in its campaign to prevent a deep and devastating recession, cutting a key interest rate by three quarters of a percentage point. The move, combined with better-than-expected earnings re-

ports from several financial institutions, sent the Dow Jones industrial average up 420 points.

Fed policymakers cut the federal funds rate, at which banks lend to each other, to 2.25 percent. That lower rate should ultimately make it cheaper for Americans to take out adjustable-rate mortgages and borrow money through credit cards or auto loans, and for businesses to borrow money to expand.

The reduction triggered announcements from commercial banks that they were cutting their prime lending rate to

5.25 percent from 6 percent. This rate is the benchmark for millions of business and consumer loans.

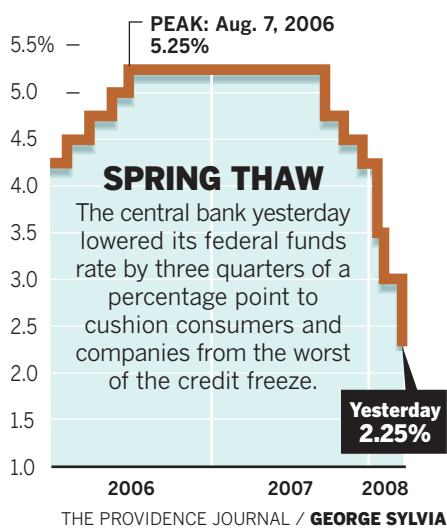
Yesterday's move increases the chances that the months of rate cuts will finally start to trickle down to homeowners in time to ease the pain when adjustable-rate mortgages reset this year. And people who borrow money to pay tuition, buy cars or cover unpaid credit card bills might eventually see some benefit.

But there's a danger too in the Fed's move, many economists warn. By re-

ducing the interest rate that the central bank charges financial institutions for short-term loans, the Fed makes money more readily and cheaply available. If it miscalculates, it can pump too much money into the economy, fueling excessive demand for goods, housing and capital spending — and driving up prices.

Yesterday's rate rate cut was the latest in a series of measures aimed at halting the intertwined problems of a

SEE **ECONOMY, A4**



Can anyone manage Providence schools?

Donnie Evans' announcement Monday that he's leaving is the latest example of the capital city's struggle to hold on to its superintendent.

BY LINDA BORG
JOURNAL STAFF WRITER

PROVIDENCE — With Donnie Evans becoming the third superintendent to announce his resignation in eight years, some question whether Providence can attract a quality leader.

Your turn: To grade Evans' performance as schools chief, and to read his letter of resignation, go to projo.com

That's a concern of Warren Simmons, director of the Annenberg Institute for School Reform at Brown University, who said that Evans' unexpected announcement Monday will make it less likely that the city can find a high-caliber leader, either from inside or outside the system.

"I think there is a problematic culture here," Simmons said yesterday. "We are consuming school leaders at an alarming rate. If we continue to have this environment of criticism, it will be difficult to retain some of the top leaders that are here."

Simmons, who has worked with Evans on high school reform, said the city will never get the school leaders it deserves until the entire community stops focusing on "school buses and snowstorms" and concentrates instead on student achievement.

SEE **EVANS, A5**

Carcieri seeks to overturn limits on privatization

The governor asks the Supreme Court's opinion on whether an Assembly-passed measure intended to limit the replacement of state employees with private workers is constitutional.

BY STEVE PEOPLES
JOURNAL STATE HOUSE BUREAU

PROVIDENCE — Governor Carcieri has asked the state's highest court to strike down a law passed last year that he says threatens to paralyze Rhode Island government by blocking his ability to use private companies to conduct state business.

The governor's office hand-delivered a letter to the state Supreme Court yesterday seeking an advisory opinion over whether the labor-backed "anti-privatization bill" — as it is called by critics — is constitutional. The court has tentatively scheduled a March 27 conference with Carcieri to review the request.

The question has serious implications for state workers and taxpayers.

The Republican governor included sweeping plans in his 2008-09 state budget to replace unionized janitors, food workers, prison counselors and dental workers with nonunion contractors who

SEE **PRIVATIZE, A4**

"I can no more disown him than I can my white grandmother . . . a woman who once confessed her fear of black men who passed by her on the street . . ."



AP / ALEX BRANDON

Democratic presidential candidate Barack Obama appears at a news conference in Philadelphia yesterday following his address at the National Constitution Center on the issue of race relations in the country.

ADDRESSING THE RACE ISSUE

After being dogged by comments made by his pastor regarding relations between blacks and whites in America, Democratic presidential candidate Barack Obama confronts the issue head on.

BY JEFF ZELENY
THE NEW YORK TIMES

PHILADELPHIA — Sen. Barack Obama delivered a sweeping assessment of race in America yesterday, bluntly confronting the divisions between black and white as he sought to dispel the furor over inflammatory statements by his pastor.

Obama again condemned the more incendiary remarks of the pastor, the Rev. Jeremiah A. Wright Jr. But, drawing on his experiences as the son of a white mother and a black father, Obama went on to try to explain to white voters the anger and frustration behind Mr. Wright's words and

to urge blacks to understand the sources of the racial fears and resentments among whites.

While his immediate political goal was to tamp down any doubts that his association with Mr. Wright has caused among voters as he battles for the Democratic presidential nomination, Obama also sought to link his theme of understanding and reconciliation to more concrete issues.

"The fact is," he said,

"that the comments that have been made and the issues that have surfaced over the last few weeks reflect the complexities of race in this country that we've never really worked through — a part of our union that we have yet to perfect.

"And if we walk away now," he continued, "if we simply retreat into our respective corners, we will never be able to come together and solve challenges like health care, or education, or the need to find good jobs for every American."

SEE **OBAMA, A5**

RACE AND THE CAMPAIGN



Former President Bill Clinton dismissed Barack Obama's presidential primary victory in South Carolina, comparing it with the Rev. Jesse Jackson's wins in 1984 and 1988.



The Obama campaign accuses Hillary Rodham Clinton's campaign of fear-mongering after a 2006 photo of Obama wearing a turban during a visit to Kenya appears a week before the Rhode Island primary.



Geraldine Ferraro resigns from Clinton's campaign after being quoted in a newspaper saying, "If Obama was a white man, he would not be in this position."



Excerpts of controversial sermons made by the Rev. Jeremiah A. Wright Jr., the retiring pastor of Obama's Chicago church, appear on the Internet and TV news shows.



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ALL BETS ARE OFF

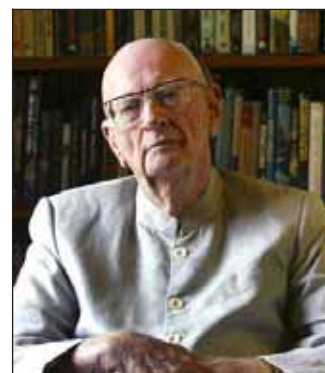
Conceding that he lacks the votes to win legislative approval, Massachusetts Governor Patrick says that his proposal to build three resort-style casinos in the state is probably dead for this year. **F1**

FORMER ART DEALER AT LARGE

Rocco P. DeSimone, a former Johnston art dealer who sold works by Renoir and Monet, is now a fugitive being sought by federal authorities after escaping from a minimum-security prison where he was serving a sentence for tax fraud. **B1**

EARLY EXIT FOR BROWN

Brown's stellar basketball season comes to a sudden end in Athens, Ohio, as the Bears fall to the Ohio University Bobcats, 80-74, in the first round of the College Basketball Invitational tournament. **C1**



PASSAGES

ARTHUR CLARKE

Arthur C. Clarke — a visionary and prolific science fiction writer who co-authored the screenplay for the film 2001: A Space Odyssey with Stanley Kubrick — dies in Sri Lanka at 90. **A2**