Syrian President Issues Firm Warning

BEIRUT (AP) — Syrian President Bashar Assad warned in comments broadcast Friday that the fall of his regime or the breakup of his nation will cause a "domino effect" that will fuel Middle East instability for years, in his sharpest warning yet about the potential fallout of his country's civil war on neighboring states.

In Moscow, Russia's president said the Syrian conflict has become "a massacre" that must be stopped through peace talks, and repeated the Kremlin's firm rejection of calls for Assad's ouster.

The Syrian regime is under growing pressure from an increasingly effective rebel movement that has managed to pry much of northern Syria away from the government and has made significant headway recently in the south in capturing territory and military bases. The rebel advances appear to have given them momentum and put the government on the defensive in the 2-year-old conflict that the U.N. estimates has killed more than 70,000 people.

In an interview with the Turkish TV station Ulusal Kanal broadcast Friday, Assad accused his neighbors of stoking the revolt against his rule, saying "we are surrounded by countries that help terrorists and allow them to enter Syria." But he warned that those same countries may eventually pay a price down the road.

"Everybody knows that if the disturbances in Syria reach the point of country's breakup, or terrorist forces control Syria, or if the two cases happen, then this will immediately spill over into neighboring countries first, and later there will be a domino effect that will reach countries across the Middle East," he said.

Police And Principal Differ On Bus Crash Victims

WADSWORTH, Ill. (AP) — One person died and dozens of elementary school children were taken to hospitals Friday after a school bus crash in northern Illinois left two cars mangled and the bus on its side.

All 35 people aboard the bus survived the crash that happened around 8 a.m. in Wadsworth, 45 miles north of Chicago, Lake County Sheriff Mark Curran Jr. said.

The bus driver may have run a red light, Curran said, adding that the bus driver was speaking with authorities as part of their investigation.

Barbara Taylor, who lives nearby, said she heard the collision from her home.

"I heard a thud and the ground shook a little bit and I looked out the bedroom window and saw the bus on its side," Taylor said.

Documents Question Colo. Shooting Suspect

CENTENNIAL, Colo. (AP) — New questions confronted the University of Colorado, Denver on Friday amid disclosures that a psychiatrist who treated theater shooting suspect James Holmes had warned campus police a month before the deadly assault that Holmes was dangerous and had homicidal thoughts.

Court documents made public Thursday revealed Dr. Lynne Fenton also told a campus police officer in June that the shooting suspect had threatened and intimidated her.

Fenton's blunt warning came more than a month before the July 20 attack at a movie theater that killed 12 and injured 70. Holmes had been a student in the university's Ph.D. neuroscience program but withdrew about six weeks before the shootings after failing a key examination.

Campus police officer Lynn Whitten told investigators after the shooting that Fenton had contacted her. Whitten said Fenton was following her legal requirement to report threats to authorities, according one of the documents, a search warrant affidavit.

"Dr. Fenton advised that through her contact with James Holmes she was reporting, per her requirement, his danger to the public due to homicidal statements he had made," the affidavit said.

Tax Haven Data Raises Questions On Accounts

PARIS (AP) — It's a data leak involving tens of thousands of offshore bank accounts, naming dozens of prominent figures around the world. And new details are being released by the day — raising the prospect that accounts based on promises of secrecy and tax shelter could someday offer neither.

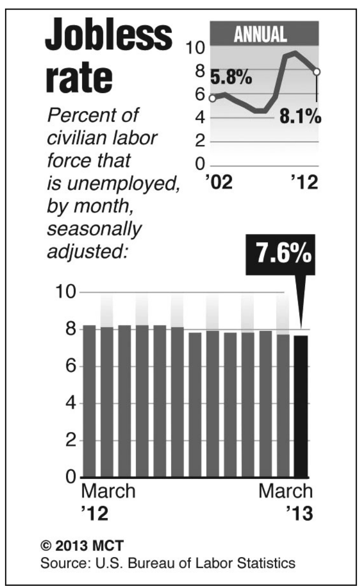
Among those named include a top campaign official in France, the ex-wife of pardoned oil trader Marc Rich, Azerbaijan's ruling family, the daughter of Imelda Marcos and the late Baron Elie de Rothschild. The widespread use of offshore accounts among the wealthy is widely known — even Mitt Romney acknowledged stashing some of his millions in investments in the Cayman Islands. But this week's leak, orchestrated by a Washington, D.C.-based group called the International Consortium of Investigative Journalists, appeared to be the broadest in what has been a steady stream of information emerging about hidden money in recent years amid a wave of anger targeting the super-rich in an age of austerity.

The leak allegedly involved records from 10 tax havens, where the world's wealthy have long stashed funds. It uncovered a shadow network of empty holding companies and names essentially rented out to fill out boards of non-existent corporations, including a British couple listed as active in more than 2,000 entities, according to The Guardian newspaper, which participated in the global undertaking.

The project started with the receipt of a hard drive by an Australian journalist, Gerard Ryle, who took the data with him when he joined the consortium, according to the project's website. The group, a project of the Washington-based Center for Public Integrity, has said the hard drive arrived in the mail, but did not specify its possible source or how it was authenticated. The consortium did not immediately respond to an emailed request for comment.

Rudolf Elmer, who once ran the Caribbean operations of the Swiss bank Julius Baer and turned whistleblower after he was dismissed in 2002, told The Associated Press that he considers the data to be authentic.

Report: US Adds Just 88K Jobs



BY CHRISTOPHER S. RUGABER AND PAUL WISEMAN
AP Economics Writers

WASHINGTON — A streak of robust job growth came to a halt in March, signaling that U.S. employers may have grown cautious in a fragile economy.

The gain of 88,000 jobs was the smallest in nine months. Even a decline in unemployment to a four-year low of 7.6 percent was nothing to cheer: It fell only because more people stopped looking for work and were no longer counted as unemployed.

Friday's weak jobs report from the Labor Department caught analysts by surprise and served as a reminder that the economic recovery is still slow, nearly four years after the Great Recession ended.

"This is not a good report through and through," Dan Greenhaus, chief economic strategist at brokerage firm BTIG, said in a note to clients.

Economists had no single explanation for why hiring weakened so sharply and broadly — from retailers and manufacturers to electronics and building materials companies. Some said deep government spending cuts that began taking effect March 1 might have contributed to the slowdown, along with higher Social Security taxes. Others raised the possibility that last month was just a pause in an improving job market.

Whatever the reasons, slower job growth will extend the Federal Reserve's policy of keeping borrowing costs at record lows.

March's job gain was less than half the average of 196,000 jobs in the previous six months, raising the prospect that for the fourth straight spring, the economy and hiring could show strength early in the year, only to weaken later. Some economists say weak hiring may persist into summer before rebounding by fall.

The percentage of working-age Americans with a job or looking for one fell to 63.3 percent in March, the lowest such figure in nearly 34 years.

Stocks plummeted after the report but narrowed their losses later in the day. The Dow Jones industrial average closed down about 41 points. Broader indexes also declined.

The Labor Department uses a survey of mostly large businesses and government agencies to determine how many jobs are added or lost each month. That's the survey that produced the gain of 88,000 jobs for March.

The government uses a separate survey of households to calculate the unemployment rate. It counted 290,000 fewer people as unemployed — not because they found a job but because they stopped looking for one.

The percentage of working-age adults with a job or looking for one is a figure that economists call the participation rate. It's the lowest since 1979. Normally during an economic recovery, an expanding economy lures job seekers back into the labor market. But this time, many have stayed on the sidelines, and more have joined them.

Longer-term trends have helped keep the participation rate down. The baby boomers have begun to retire. The share of men 20 and older in the labor force has dropped as manufacturing has shrunk.

After expanding from the early 1950s through the mid-1990s, the share of women working or looking for work has plateaued. Fewer teenagers are working. And some people who have left the job market are getting by on government aid, particularly Social Security's program for the disabled.

Heidi Shierholz, an economist at the liberal Economic Policy Institute, said the labor force participation among those ages 25 to 54 — "prime age" workers — has dropped to 81.1 percent. It hasn't been lower since 1984.

Gary Burtless, senior fellow in economic studies at the Brookings Institution, noted that some Americans have likely stopped looking for work because their unemployment benefits have run out. People must be looking for a job to qualify for unemployment benefits.

"If people aren't collecting benefits, they have one less reason to be out pounding the pavement looking for a job," Burtless said.

If the economy slows this spring, it would follow the pattern of recent years.

An intensifying European financial crisis depressed hiring in 2010. Japan's earthquake and tsunami also disrupted U.S. manufacturing in 2011. Last year, an unusually warm winter caused employers to do more hiring early in the year, cutting into hiring that normally happens in spring.

This year's steep government spending cuts could have the same effect. But some economists say they expect any weakening this spring to be milder. The economy has a stronger foundation now. Rising home prices and near-record-level stock prices are making consumers feel wealthier and spend more.

"The recovery is on much better footing this year than in the last few springs, and the recovery in the housing market will do much to support growth," said Sophia Koropeckyj, an economist at Moody's Analytics.

Economists also cautioned against reading too much into a one-month slowdown in hiring.

Friday's report also showed hiring was stronger in January and February than previously estimated. January job growth was revised up from 119,000 to 148,000. February was revised from 236,000 to 268,000.

Those revised totals suggest that some hiring might have again occurred earlier in the year than usual. Job gains have averaged 168,000 in the past three months, close to the trend of the past two years.

The Fed has said it plans to keep short-term interest rates at record lows at least until unemployment falls to 6.5 percent — and Chairman Ben Bernanke has said a 6.5 percent rate is a threshold, not a "trigger," for any rate increase. The Fed wants to see sustained improvement in the job market.

Several industries cut back sharply on hiring. Retailers cut 24,000 jobs, manufacturers 3,000 jobs.

Obama Proposes Social Security Cuts

BY JIM KUHNHENN AND ANDREW TAYLOR
Associated Press

WASHINGTON — Seeking an elusive middle ground, President Barack Obama is proposing a 2014 budget that embraces tax increases abhorred by Republicans as well as reductions, loathed by liberals, in the growth of Social Security and other benefit programs.

The plan, if ever enacted, could touch almost all Americans. The rich would see tax increases, the poor and the elderly would get smaller annual increases in their benefits, and middle income taxpayers would slip into higher tax brackets despite Obama's repeated vows not to add to the tax burden of the middle class. His proposed changes, once phased in, would mean a cut in Social Security benefits of nearly $1,000 a year for an average 85-year-old, smaller cuts for younger retirees.

Obama proposed much the same without success to House Speaker John Boehner in December. The response Friday was dismissive from Republicans and hostile from liberals, labor and advocates for the elderly.

But the proposal aims to tackle worrisome deficits that are adding to the national debt and placing a long-term burden on the nation, prompting praise from independent deficit hawks. Obama's budget also proposes new spending for public works projects, pre-school education and for job and benefit assistance for veterans.

"It's not the president's ideal approach to our budget challenges, but it is a serious compromise proposition that demonstrates that he wants to get things done," said White House press secretary Jay Carney.

The budget, which Obama will release Wednesday to cover the budget year beginning Oct. 1, proposes spending cuts and revenue increases that would result in $1.8 trillion in deficit reductions over 10 years. That figure would replace $1.2 trillion in automatic spending cuts that are poised to take effect over the next 10 years if Congress and the president don't come up with an alternative, thus delivering a net increase in deficit reduction of $600 billion.

Counting reductions and higher taxes that Congress and Obama have approved since 2011, the 2014 budget would contribute to $4.3 trillion in total deficit reduction by 2023.

The budget wouldn't affect the $85 billion in cuts that kicked in last month for this budget year.

A key feature of Obama's plan is a revised inflation adjustment called "chained CPI." This new formula would effectively curb annual increases in a broad swath of government programs but would have its biggest impact on Social Security. By encompassing Obama's offer to Boehner, R-Ohio, the plan would also include reductions in Medicare spending, much of it by targeting payments to health care providers and drug companies. The Medicare proposal also would require wealthier recipients to pay higher premiums or co-pays.

Obama's budget proposal also calls for additional tax revenue, primarily by placing a 28 percent cap on deductions and other tax exclusions. That plan would affect wealthy taxpayers as would a new administration proposal to place limits on tax-preferred retirement accounts for millionaires and billionaires.

Obama made the same offer to Boehner in December when he and the speaker were negotiating ways of avoiding a steep, so-called fiscal cliff of combined across-the-board spending cuts and sweeping tax increases caused by the expiration of Bush-era tax rates. Boehner rejected that plan and ultimately Congress approved tax increases that were half of what Obama had sought.

"If you look at where the president's final offer and Boehner were ... they were extremely close to each other," said Maya MacGuineas, president of the Committee for a Responsible Federal Budget. "We do think that it's a very good sign that the president has included real entitlement reforms in the budget."

Boehner, in a statement Friday, said House Republicans made clear to Obama last month that he should not make savings in entitlement programs that both sides agree on, contingent on more tax increases.

"If the president believes these modest entitlement savings are needed to help shore up these programs, there's no reason they should be held hostage for more tax hikes," Boehner said. "That's no way to lead and move the country forward."

The inflation adjustment would reduce federal spending on government programs over 10 years by about $130 billion, according to White House estimates. Because it also affects how tax brackets are adjusted, it would also generate about $100 billion in higher taxes and hit even middle income taxpayers.

Once the change is fully phased in, Social Security benefits for a typical middle-income 65-year-old would be about $136 less a year, according to an analysis of Social Security data. At age 75, annual benefits under the new index would be $560 less. At 85, the cut would be $984 a year.

The concept behind the chained CPI is that consumers substitute lower-priced alternatives for goods whose costs spike. So, for example, if the price of oranges goes too high for some consumers, they could buy alternatives like apples or strawberries if their prices were more affordable. This flexibility isn't considered in the current system of gauging inflation, a calculation that determines how much benefits grow each year. Taking it into account means such benefits won't grow by as much.

Advocates for the elderly say seniors pay a higher portion of their income for health care, where costs rise more quickly than inflation.