

Stocks Edge Higher After A Four-Week Slump

NEW YORK (AP) — It was another day of big swings in the Dow Jones industrial average, but at least Monday ended with a modest gain. The Dow soared 200 points in the morning, an encouraging start after four weeks of losses. By noon that gain shrank to just 2 points, then came a rise of another 100 in the afternoon. At the end of the day, the Dow closed up 37 points.

Compared with the even wilder fluctuations over the past two weeks, Monday's trading looked relatively calm. The Dow has gained or lost at least 200 points eight days in August, including a 419-point plunge last Thursday. A flare-up of Europe's debt crisis and fears of a new U.S. recession have shaken investors, taking the Dow down 15 percent in one month.

Hewlett-Packard Co. rose 3.6 percent, the most of the 30 large companies in the Dow Jones industrial average. H-P sank 20 percent on Friday after saying it planned to sell its PC business and stop selling other products.

Bank stocks, which have been clobbered over worries about Europe's debt crisis, took another fall. JPMorgan Chase & Co. dropped 2.7 percent. Bank of America lost 7.9 percent, the biggest drop among the 30 Dow companies. Analysts at Wells Fargo cut their price target on the stock, citing fears that the U.S. could slip back into a recession.

Prosecutors May Drop Strauss-Kahn Charges

NEW YORK (AP) — New York City prosecutors asked a judge Monday to dismiss all criminal charges against Dominique Strauss-Kahn because they aren't sure beyond a reasonable doubt that the hotel maid who created a cross-continental sensation by accusing him of sexual assault is telling the truth.

The Manhattan district attorney's office said in court papers that the accuser, Nafissatou Diallo, repeatedly gave false information to investigators and grand jurors about her life, her past and her actions following her encounter with the French diplomat.

"In virtually every substantive interview with prosecutors, despite entreaties to simply be truthful, she has not been truthful on matters great and small," the lawyers wrote.

Diallo, and her attorney, Kenneth Thompson, met briefly with representatives of the Manhattan district attorney's office to discuss the decision not to proceed with the prosecution. Thompson didn't say what had happened inside or reveal what his client was told, but he recited a short statement condemning prosecutors for their handling of the case.

"Manhattan District Attorney Cyrus Vance has denied the right of a woman to get justice in a rape case," he said. "He has not only turned his back on this innocent victim. But he has also turned his back on the forensic, medical and other physical evidence in this case."

Hurricane Irene Heads Toward Hispaniola

SAMANA, Dominican Republic (AP) — Hurricane Irene cut a destructive path through the Caribbean on Monday, raking Puerto Rico with strong winds and rain and then spinning just north of the Dominican Republic on a track that could carry it to the U.S. Southeast as a major storm by the end of the week.

Irene slashed directly across Puerto Rico, tearing up trees and knocking out power to more than a million people, then headed out to sea north of the Dominican Republic, where the powerful storm's outer bands were buffeting the north coast with dangerous sea surge and downpours.

The U.S. National Hurricane Center in Miami said the Category 1 storm was expected to strengthen during the next two days, and could be near major hurricane strength by the time it tracks over the central Bahamas.

The first hurricane of the Atlantic season was a large system that could cause dangerous mudslides and floods in Dominican Republic, the hurricane center said. It was not expected to make a direct hit on neighboring Haiti, though that country could still see heavy rain from the storm.

Dominican officials said the government had emergency food available for 1.5 million people if needed and the country's military and public safety brigades were on alert.

Fight Looms Over Balanced Budget Measure

WASHINGTON (AP) — As a "supercommittee" tries to find \$1.5 trillion in new deficit cuts this fall, Republicans will be pressing a far more ambitious goal: passing an amendment to the Constitution to require a balanced federal budget.

The idea is being pushed most forcefully by conservative activists eager to shrink the government and its spending but disappointed with the results they've achieved so far in Washington, where Democrats control both the White House and the Senate.

"Spending cuts and caps are steps in the right direction," said Rep. Pete Sessions, R-Texas. But a balanced budget amendment is "the only permanent solution to control government spending and end our nation's spending-driven debt crisis," Sessions said.

House GOP leaders — short of the two-thirds margin required to pass the amendment — have held off scheduling a vote. But both House and Senate are required to hold votes this fall as one of the conditions of recently enacted legislation to raise the government's borrowing cap.

Libya Crisis Puts Oil Market On Roller Coaster

NEW YORK (AP) — It could be a year or more before Libya produces enough oil to start exporting it in large amounts again. But once the oil starts flowing, it should bring the price of gasoline down even further.

International oil prices fell Monday because of the prospect that those shipments will hit the market again.

The shipments stopped six months ago as the rebellion in Libya raged. The conflict damaged pipelines and fields and forced out foreign oil engineers who once helped the nation export 1.5 million barrels of oil every day.

Before the country can begin producing oil in large amounts again, security must be re-established, a new government must be formed, the United Nations must lift international sanctions, and damage to oil fields and pipelines must be repaired.

The prices of crude oil and gasoline were already falling sharply because of concerns that the slowing global economy will slow demand from drivers and businesses.

Gas has fallen 41 cents, to \$3.57 a gallon, from its peak this year of \$3.98 on May 5. It could fall as low as \$3.25 by the middle of September, experts say.

LIBYA

U.S., NATO Key Hands In Fight

BY LOLITA C. BALDOR AND SLOBODAN LECIK
Associated Press

WASHINGTON — Through months of military stalemate in Libya it was an open secret among NATO allies that countries inside and outside the alliance were quietly but crucially helping rebels gain their footing against the much stronger forces loyal to longtime dictator Moammar Gadhafi.

Covert forces, private contractors and U.S. intelligence assets were thrown into the fight in an undercover campaign operating separately from the NATO command structure. Targeted bombings methodically took out Gadhafi's key communications facilities and weapons caches. And an increasing number of American hunter-killer drones provided round-the-clock surveillance as the rebels advanced.

These largely unseen hands helped to transform the ragtag rebel army into the force storming Tripoli.

Diplomats acknowledge that covert teams from France, Britain and some East European states provided critical assistance, without — they contend — compromising NATO's mandate from the United Nations to restrict its operations to protecting civilians.

The aid included logisticians, security advisers and forward air controllers for the rebel army, as well as intelligence operatives, damage assessment analysts and other experts, according to a diplomat based at NATO's headquarters in Brussels. The diplomat spoke on condition of anonymity due to the sensitivity of the issue.

The CIA and other U.S. intelligence agencies have been gathering information throughout the conflict from contacts they'd developed when they were working closely with Gadhafi's government on counterterrorism against al-Qaida-related Islamic militant groups operating in Libya. This thawing of relations between two longtime adversaries, lasting only a few years, paid unexpected dividends later.

Foreign military advisers on the ground were key to getting real-time intelligence to the rebels, helping them accurately concentrate their limited firepower on the enemy. One U.S. official, speaking on condition of anonymity to discuss intelligence matters, said the Qatari military led the way, augmented later by French, Italian and British military advisers. This effort had a multiple purpose,

Libya conflict

The U.N.-authorized military campaign in Libya began March 19 with the mandate to protect civilians from a crackdown by Libyan leader Moammar Gadhafi. What has happened since:

Since NATO took command
19,877 sorties
7,505 strike sorties
15 ships under NATO command patrolling central Mediterranean Sea

March 31 NATO takes command of the coalition campaign

April 15 Evidence suggests that Gadhafi forces are using cluster bombs in civilian areas

April 20 France and Italy say they will join U.K. in sending liaison officers to support the rebel army

April 25 NATO escalates air campaign, strikes Gadhafi's compound

April 30 NATO missile attacks house in Tripoli, killing Gadhafi's youngest son and three grandchildren

May 6 Indiscriminate attacks by loyalist forces in Misrata may amount to war crimes, Amnesty International says

May 10 NATO launches new missile strikes against target in Tripoli; appear to include Gadhafi's compound

May 11 Rebels capture airport in besieged city of Misrata; seize weapons and ammunition

May 13 Opposition leader Mahmoud Jibril meets Obama administration officials in Washington

June 1 NATO announces it will extend its mission for 90 days; Libya's oil minister defects to Italy

June 27 The International Criminal Court in The Hague issues a warrant for the arrest of Gadhafi, his son and his head of intelligence

July 15-27 The U.S. and U.K. join countries recognizing the Transitional National Council as "the legitimate governing authority" in Libya

Aug. 14 Rebels take Zawiyah, near Tripoli, cutting the coastal highway to Tunisia which keeps the capital supplied with food and fuel

Aug. 15 In a telephone calls to state television, Gadhafi calls for followers to liberate Libya from rebels and NATO

Aug. 21 Rebel forces seize Green Square, Tripoli, and detain two of Gadhafi's sons

Aug. 22 Heavy fighting continues around Tripoli, with a tank seen leaving Gadhafi's compound; up to 15,000 people rounded up by security forces as suspected members of the opposition are released

Source: ESRI, BBC, Reuters
Graphic: Melina Yingling © 2011 MCT



not only assisting the rebels but monitoring their ranks and watching for any al-Qaida elements trying to infiltrate or influence the rebellion.

Bolstering the intelligence on the ground was an escalating surveillance and targeting campaign in the skies above. Armed U.S. Predator drones helped to clear a path for the rebels to advance.

The addition of U.S. drone aircraft into the Libyan theater was important to the rebels, in giving them access to constant surveillance of the terrain, said Gen. Jean-Paul Palomeros, the French Air Force chief of staff.

"The better the intel is, the more valuable it is," Palomeros told The Associated Press. "It's part of an ensemble: Time was also needed for the opposition forces to get organized."

Allied officials, who spoke on condition of anonymity to discuss military operations, said that at the onset of the conflict, the bombing campaign stretched along the length of the coast. Over time, as major regime resources were destroyed, the coalition was able to narrow the focus of its strikes.

"We simply followed the way the opposition fronts moved," said the

NATO official. "Gadhafi's forces usually came out to meet the rebels, and that's when we struck."

In recent weeks, as the U.S. added more drones to the fight, they were able to do precision strikes closer to the cities, shadowing the rebels as they advanced through Zawiyah and roared into Tripoli.

Over that time, Britain's National Security Council noted that cooperation had grown between NATO and the rebel groups, particularly in the coordination of airstrikes, according to one official familiar with the outcome of the meetings. After Britain and other nations send soldiers to Libya to provide training, it became apparent that rebel forces had improved their capabilities.

Combined with increasingly precise air strikes by allied forces, the rebels gradually wore down Gadhafi's forces, ruptured supply lines, and allowed more money and resources to flow to the opposition.

In short, NATO bought them time.

The allied bombings, coupled with the no-fly zone, the arms embargo and the Navy ships patrolling along the coast, all gave the rebels breathing room as they gathered arms and ammunition. Slowly, they were able to transform into a moderately effective fighting force.

NATO warplanes have flown nearly 20,000 sorties in the past five months, including about 7,500 strike attacks against Gadhafi's forces. As of Monday, the U.S. alone had flown more than 1,200 strike sorties, dropped bombs in 262 of them, and unleashed 84 Predator strikes.

According to NATO, strikes hit more than 40 targets in and around Tripoli in the past two days — the highest number on a single geographic location since the bombing started more than five months ago. British fighter jets destroyed a number of major targets in Tripoli on Sunday, helping the rebels to sweep into the Libyan capital.

"With Free Libyan Forces advancing into Tripoli, U.K. forces continued to strike at Colonel Gadhafi's remaining apparatus of repression within the city, as NATO maintained pressure on the former regime," said Maj. Gen. Nick Pope, spokesman for Britain's military chief Gen. David Richards.

Tornado and Typhoon jets fired on an intelligence operations site in Tripoli before dawn on Sunday, and later in the day destroyed a battle tank on the city's outskirts.

Survey: No Recession, But Weak Recovery

BY PAUL WISEMAN
AP Economics Writer

WASHINGTON — Another recession isn't likely over the next 12 months. Neither is any meaningful improvement in the economy.

That's the picture that emerges from an Associated Press survey of leading economists who have grown more pessimistic in recent weeks. They say high unemployment and weak consumer spending will hold back the U.S. economy into 2012.

Their gloominess comes at a time when Europe's debt crisis threatens to infect the global financial system. It also coincides with an annual economic conference late this week in Jackson Hole, Wyo., and speculation about whether Federal Reserve Chairman Ben Bernanke will unveil any new steps there to help the economy.

Worries that another recession is nearing and that the European crisis will spread have led to a roughly 15 percent drop in stock prices in the past month. Economists say the Great Recession ended in June 2009.

What makes a solution so difficult is that the fear gripping in-

vestors isn't just a symptom of economic distress; it's also a cause of it. Sinking stock prices frighten consumers and businesses. They then spend and invest less. Investors respond to lower corporate sales by selling stocks, worsening the market declines.

Each day that the stock market sinks "puts another nail in the coffin of the recovery," says Beth Ann Bovino, senior economist at Standard & Poor's.

"I had been saying it was half-speed recovery; now, it's a quarter-speed recovery," Bovino says.

She is among 43 private, corporate and academic economists surveyed this month by the AP. As a group, they are more downbeat than when surveyed eight weeks ago. Among their conclusions:

— The likelihood of a recession within the next 12 months is 26 percent. In June, the economists had put the likelihood at 15 percent.

— The economy will inch ahead at an annual rate of 2 percent in the July-September quarter and 2.2 percent from October through December. Though slightly stronger than the growth for the first half of 2011, that isn't enough to lower the

unemployment rate much, if at all. And next year will barely be stronger.

— Weak consumer spending poses a "major" risk to the economy. In June, Americans cut their spending for the first time in nearly two years. And consumer spending fuels about 70 percent of the economy.

— The unemployment rate will end this year at 9 percent and 2012 at 8.5 percent. Those rates are slightly less than July's 9.1 percent. But they're more consistent with a recession than a recovery.

— The Federal Reserve's efforts to keep interest rates at record lows may not succeed in promoting growth or easing unemployment. But its low-rate policies will likely boost stock prices.

The economists do foresee economic growth, job creation, consumer spending and home prices all rising over the next year. But the gains they expect are so slight

that many Americans won't notice.

For months, the Fed and private economists had clung to the hope that a slowdown in the spring and early summer would prove temporary. They initially blamed temporary factors — especially higher oil prices and an earthquake and nuclear crisis in Japan that disrupted factory production.

But the economy has kept worsening. U.S. home prices remain depressed. Job growth is weak. Workers' pay is barely rising. The economy grew at an annual rate of just 0.8 percent in the first half of 2011 — much less than expected.

The benefits of the government's \$862 billion stimulus are fading. No more stimulus is likely. And in June, the Fed ended a \$600 billion Treasury bond-buying program that was designed to help keep rates low to spur spending and increase stock prices.

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Labor Day Deadlines
The Yankton Daily Press & Dakotan will be closed Monday, September 5, for the Labor Day holiday.
The following deadlines will apply:
Out On The Town — Noon, Wednesday, August 31
Tuesday, September 6 newspaper — 5 p.m., Wednesday, August 31
Wednesday, September 7 newspaper — 5 p.m., Thursday, September 1
Thursday, September 8 newspaper — 5 p.m., Friday, September 2
There will be no newspaper on Monday, September 5, 2011
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