

# Fed Hints It May Take Action Soon

BY MARTIN CRUTSINGER  
AP Economics Writer

WASHINGTON — Federal Reserve officials signaled Wednesday that they may be ready to launch a new bond buying program when they next meet in September.

The goal would be to try to lower long-term interest rates to encourage more borrowing and spending.

Minutes of the July 31-Aug. 1 policy meeting released Wednesday don't explicitly say what action the Fed would most likely take. But they hint that the central bank is preparing to begin more bond buying.

The minutes show that Fed officials spoke at the meeting with increased urgency about the need to provide more help for the still-weak U.S. economy. Many felt further support would be needed "fairly soon" unless the economy improved significantly.

The Fed has already sought to drive down long-term rates by buying more than \$2 trillion in Treasury bonds and mortgage-backed securities in two previous rounds of bond purchases. The purchases are called "quantitative easing."

Based on the minutes, David Jones, chief economist at DMJ Advisors, said he thought the likelihood of further quantitative easing had risen from evenly split to as high as a 70 percent chance that the Fed will make that move when it meets Sept. 12-13.

"I believe the Fed is signaling in very clear terms that a third round of bond purchases will be approved at the September meeting," Jones said.

In the minutes, the Fed noted, "Many members judged that additional monetary accommodation would likely be warranted fairly soon unless incoming information pointed to a substantial and sustainable strengthening in the pace of the economic recovery."

Paul Ashworth, chief U.S. economist at Capital Economics, said that wording signaled that the Fed won't be satisfied by the

modest improvements the economy has made recently.

"Quantitative easing is still very much on the table," Ashworth said.

The minutes also show many officials favor pushing the timetable for any increase in record-low short-term rates beyond the Fed's current target of late 2014 at the earliest. Some economists think the target will be extended to mid-2015.

Reaction in the stock and bond markets was positive but muted. The Standard & Poor's 500 stock index, down most of the day, finished essentially flat. The price of gold rose, as it sometimes does when investors think the Fed will pump more money into the economy. Gold hit \$1,657 an ounce, its highest level since May.

The Fed releases minutes of its private discussions three weeks after each meeting. After it meets in September, Fed policymakers will also update their economic forecasts, and Chairman Ben Bernanke will hold a news conference.

Ashworth and some other economists said the minutes suggested that if the Fed does launch a new bond buying program, it won't set a target amount, as it has in the past. Rather, the Fed could keep a new program open-ended so it could continue to buy bonds until it saw a significant decline in the unemployment rate, now at 8.3 percent.

An open-ended bond-buying program would represent a major shift in Fed policy, noted Michael Gapen, an economist at Barclays.

Even if the Fed announces another round of bond purchases, some economists have questioned how much it might help. They note that mortgage rates and other key borrowing rates are already near record lows.

After its August meeting, the Fed announced no changes in its policies. But in a statement afterward, it appeared to signal a growing willingness to take further steps to boost the economy if it doesn't improve. The Fed noted that growth had slowed in the first

half of the year. In particular, it pointed to lackluster job growth and consumer spending.

The issue of whether the Fed will announce any major moves in September was thrown into some doubt by economic improvements since its last meeting. Gains have been made in such areas as hiring, housing and consumer spending.

Many analysts are looking to a speech by Bernanke on Aug. 31 at an annual Fed conference in Jackson Hole, Wyo., to provide further guidance on any new actions.

In the view of some analysts, the Fed might still want to put off any major new bond-purchase program so it would have something in reserve in case the economy goes off a "fiscal cliff" at the end of the year. That's when tax increases and deep spending cuts will take effect unless Congress reaches a budget agreement.

On Wednesday, the Congressional Budget Office warned that if the fiscal crisis remained unresolved all next year, it would probably tip the U.S. economy into a recession. The CBO estimated that the economy would shrink 0.5 percent in 2013. Unemployment would rise to around 9 percent by late next year as a result of the spending cuts and tax increases, the CBO said.

The Fed still remains divided over the need for further policy action. In a speech this week, Dennis Lockhart, president of the Atlanta regional Fed bank and a voting member of the Fed's policy committee, said "there was a risk to monetary policy being employed too aggressively and without effect."

Still, the minutes seemed to indicate that those arguing for more support for the economy outnumber those arguing that the Fed has done enough.

The economy grew at a lackluster annual rate of 1.5 percent in the July-September — even slower than the 2 percent growth rate from January through March. Many economists think growth in the second half of this year will remain around 2 percent — too weak to lower the unemployment rate.

# Economy Likely To Trump Women's Rights In Election

BY DAVID LIGHTMAN  
McClatchy Newspapers

WASHINGTON — Women's rights have soared into the political spotlight in these days before Republicans meet in Tampa, Fla., for their convention, and Democrats think they have a strong issue that will show their opponents are unusually insensitive to women, they say.

Experts contend that the economy will matter most. But in the meantime, the furor rages, and in a close election, it could trigger enough anger to make some difference.

The uproar began over the weekend, when Missouri Republican Senate candidate Todd Akin said, "If it's a legitimate rape, the female body has ways to try to shut that whole thing down." Akin later said he'd misspoken, and he apologized. Despite pleas from Republican leaders, including presidential candidate Mitt Romney, the congressman refused to leave the race.

By coincidence, the Republican platform committee met Tuesday in Tampa and adopted tough anti-abortion language.

While it was nearly identical to the language agreed to in 2004 and 2008, Democrats used the vote to highlight what they called the party's callous, even hostile, attitude toward women. They called it the "Akin amendment," even though he had nothing to do with it. They recalled how, earlier this year, conservative radio talk-show host Rush Limbaugh insulted law student Sandra Fluke for her advocacy of mandatory insurance coverage for birth control without co-payments.

Republicans were not pleased. The days before a political convention are supposed to be a time for the party's candidates to coast into the host city on a wave of fresh momentum. Romney and running mate Paul Ryan have been traveling the country trying to drum up enthusiasm, but instead are being met by a barrage of news accounts of the controversy.

In the end, independent analysts think the issue will hardly be dominant.

"The election's going to be about the economy and jobs," said Brad Coker, the managing director

at Mason-Dixon Polling & Research, which surveys voters around the country.

But women's rights do have the potential to fire up the Democratic base, and in a campaign that has seen a virtual tie between President Barack Obama and Romney for weeks, mobilizing all kinds of loyal groups, or bases, and getting them to turn out in big numbers is seen as crucial.

Obama's June directive allowing many younger undocumented workers to remain in this country helped give him a huge boost in polls of Hispanic voters. Romney's strong support for Israel during a visit to Jerusalem last month was seen as a way of engaging Jewish voters. And Democrats' fervent championing of abortion rights and other reproductive rights could mobilize women loyal to the party.

Republicans concede that they have an image problem with many women, but they say it can be overcome or at least neutralized.

"The fact is that the bases of both parties are fired up," Republican consultant Curt Anderson said.

Debbie Walsh, the director of the Center for American Women and Politics at Rutgers University, said the abortion/reproductive rights issues would matter, but that "economic issues will be front and center."

The Pew Research Center, which has studied the political gender gap for years, found in April that 86 percent of voters said the economy was the issue most important to their votes, followed by jobs at 84 percent. Abortion ranked 16th, at 39 percent, followed by birth control, 34 percent.

"These issues are overshadowed by the economy and jobs by most voters," said Carroll Doherty, Pew associate director.

The reason women often vote differently from men is rooted in economic issues.

Pew found that women's views of abortion were virtually the same as men's. Another spring survey found that 40 percent of women said abortion should be illegal all or most of the time, compared with 43 percent of men. And 55 percent said it should be legal all or most of the time, compared with 51 percent of men.

But women, Pew found, are more likely to favor a bigger

government that provides more services and does more for the elderly, the poor and children.

The gender gap has been clear in presidential elections since at least 1980, but its effect on the eventual outcome of elections remains a subject of debate.

Republicans took a sharply conservative turn that year, and their platform abandoned the party's historic support of the Equal Rights Amendment and included strong anti-abortion language.

Democrats thought they had a huge opening then, particularly since, unlike in 2012, women's rights issues triggered a fierce fight between the still-sizable corps of Republican moderates and the newly powerful conservatives. Nearly 12,000 ERA supporters marched in Detroit, the site of the Republican convention.

But exit polling on Election Day found that Republican Ronald Reagan, a staunch ERA foe, had split the women's vote with Democrat Jimmy Carter. Reagan coasted to victory, as he won the men's vote by 17 percentage points.

Experts see a potential difference in how women's votes could be affected this year. Abortion and other reproductive rights issues have a megaphone they haven't had in years, and Democrats are going to keep it loud and constant.

They released a list of speakers for their convention next month that's a who's who of folks who lived that narrative: Cecile Richards, the president of Planned Parenthood Action Fund; Nancy Keenan, the president of NARAL Pro-Choice America; Lilly Ledbetter, whose experience led to the passage of an equal pay law; and Fluke.

But history, polling and independent studies have found repeatedly that women care most about the economy.

Walsh noted that women not only are usually the managers of a household's finances, but also tend to be more vulnerable to economic swings. They're disproportionately in lower-paying jobs, and they tend to live longer, meaning they depend more on federal support programs such as Medicare and Social Security.

"The kitchen table issues really matter," Walsh said.

## Romney's Big Show Threatened By Party Rifts

TAMPA, Fla. (AP) — This is the convention prelude of the Republicans' dreams — their nightmares, that is.

Mitt Romney wanted to preside over a made-for-TV gathering showcasing his economic credentials and GOP unity. Instead, he's heading to Tampa with the national debate focused on rape and abortion and with the divisions within his party — and with running mate Paul Ryan — on full display.

"It's a huge distraction," Saul Anuzis, a RNC member from Michigan and a top Romney backer, said of the emotional quarreling touched off by embattled Missouri Rep. Todd Akin earlier this week. "We should be talking about the economy and here we are consumed by these side issues."

Even the weather is threatening to spoil Romney's party. As Wednesday's rain pounded the arena and hotel complex where the convention is scheduled for next week, Anuzis lamented the tropical storm churning toward Florida, saying that "it could cause havoc; it could be a chaotic situation from a transportation and security standpoint."

All this as a new Associated Press-GfK poll showed a neck-and-neck race between Romney and President Barack Obama just over two months before the election. Some 47 percent of registered voters say they plan to vote for Obama, while 46 percent favor Romney. That's virtually the same as last month — and evidence that Romney didn't get a bounce of support by choosing Ryan as his vice presidential nominee.

## Civil War Shakes Beirut's Ties With Lebanon

BEIRUT (AP) — The Syrian civil war has spilled over into Lebanon, bringing with it sectarian street clashes, mob violence and general government paralysis in Beirut.

But it was the dramatic arrest earlier this month of a former Lebanese government minister and prominent supporter of Syria's embattled president that has suggested the conflict may be causing Lebanon to slip further away from Damascus' long domination.

The bloodshed in Syria has drawn Lebanon deeper into the unrest — a troubling sign for a country that has gone through its own 15-year civil war and has an explosive sectarian mix as well as deep divisions between pro- and anti-Syrian factions, many of which are armed.

The chaos could give Sunni Muslim fighters in northern Lebanon more leeway to establish supply lines to the rebels inside Syria in their battle to oust President Bashar Assad.

Tensions and intermittent fighting in the northern Lebanon city of Tripoli continued Wednesday following two days of clashes between pro- and anti-Assad groups that killed at least six people and wounded more than 70.

## 40 Charged, Including Guards In Meth Ring

INDIANAPOLIS (AP) — A prison inmate coordinated a methamphetamine ring that involved at least two Indiana prisons using cellphones and drugs smuggled in by guards, according to a federal indictment unsealed Wednesday that charges 40 people in connection to the scheme.

At least three inmates are among those charged, including the alleged ringleader, Oscar Perez, who's serving time for murder and attempted murder. At least 17 people appeared in court Wednesday in Indianapolis after about 300 FBI agents fanned out across the state and made arrests.

Prosecutors said the defendants were flight risks, and the judge ordered them to remain in custody.

The activity, which also included heroin trafficking, occurred at the Westville Correction Facility in northern Indiana and the Wabash Valley Correction Facility in southwestern Indiana, according to the indictment.

Court documents allege that one corrections officer, Jon Dobbins, was found "in possession" of nearly 21 grams of a mixture and substance containing meth, and had a cellphone that he was going to "clandestinely bring" into the prison and leave with an inmate.

## Spanier Calls Abuse Report Claims 'Indefensible'

PHILADELPHIA (AP) — Ousted Penn State President Graham Spanier and his lawyers attacked the university-backed report on the Jerry Sandusky sex abuse scandal on Wednesday, calling it a "blundering and indefensible indictment" as they fired a pre-emptive strike while waiting to hear if he'll be charged in the case.

Lawyer Timothy Lewis called Louis Freeh, the former FBI director and federal judge behind the report, a "biased investigator" who piled speculation on top of innuendo to accuse Spanier in a cover-up of early abuse complaints.

"The Freeh report, as it pertains to Dr. Spanier, is a myth. And that myth ... ends today," Lewis said at a downtown Philadelphia news conference.

Spanier did not attend, but he told media outlets in stories published hours later that he never understood the early complaints about Sandusky, who this year was convicted of molesting 10 boys and awaits sentencing, to be sexual.

"I'm very stunned by Freeh's conclusion that — I don't think he used the word 'cover-up,' but he uses the word 'concealed,'" Spanier told *The New Yorker* magazine. "Why on earth would anybody cover up for a known child predator? Adverse publicity? For heaven's sake! Every day I had to make some decision that got adverse publicity."

## OBITUARIES

### Debra Neuheisel

Debra M. Neuheisel, 57, of Yankton died Saturday, Aug. 18, 2012, at her home.

Funeral services are at 10:30 a.m. Monday, Aug. 27, at St. John's Catholic Church, Plankinton. A committal service will follow at Mizpah Cemetery.

Visitation is 5-7 p.m. Sunday at the church, with a 7 p.m. prayer service.

In lieu of flowers, memorials in Deb's honor may be directed to: Aurora County Cancer Fund, c/o Faye Heinis, PO Box 571, Plankinton, SD, 57368.

Mount Funeral Home, Plankinton, is assisting with arrangements. Expressions of sympathy may be extended to the family through mountfuneralhome.com

### James Grabowski

James Grabowski, 81, of Vermillion died Sunday, Aug. 19, 2012, at Royal C. Johnson Veterans Hospital, Sioux Falls.

Memorial service is at 1 p.m. Saturday at First Baptist Church, Vermillion.

Kober Funeral Home, Vermillion, is in charge of arrangements.

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