

The Global Economy Is Facing Headwinds

BY DANICA KIRKA
Associated Press

LONDON — The global economy's problems seem to be multiplying. Hours after the leaders of the world's 20 most developed economies sought to boost confidence by promising to increase global output by \$2 trillion over five years, Japan said it had fallen into recession.

That leaves the country — the world's third-largest economy — on a long and growing list of troubled economies. China is slowing as well, and Europe can't seem to take off.

Among major economies, only the United States and Britain are growing at decent rates, and how long that lasts depends on how much trouble their trading partners are in.

British Prime Minister David Cameron warned in an opinion piece in the Guardian newspaper on Monday that the "red warning lights are flashing" for the world economy.

Here's a look at the problems in some key economies.

JAPAN'S RECESSION

This setback was not in the plan.

Prime Minister Shinzo Abe had pledged to end two decades of stagnation with a strategy dubbed "Abenomics" that included big economic reforms and stimulus. But the economy contracted at an annual pace of 1.6 percent in the third quarter after housing and business investment dropped following a sales tax increase.

The contraction came despite predictions the economy would rebound from a drop in the previous three months.

Consumer spending is faltering as the population shrinks and grows older. Household incomes peaked more than a decade ago, and workers are increasingly having trouble making ends meet with part-time or contract work.

Manufacturers, meanwhile, have lost their leading edge in innovation while shifting production to cheaper locations offshore.

Japan's weakness could hinder growth elsewhere if its companies cut investment and buy fewer imports such as machinery, electronics and raw materials.

CHINA'S SLOWDOWN

Growth in China, a manufacturing giant, is slowing — from 10.4 percent in 2010 to an estimated 7.5 percent this year. Explosive growth in China has been one of the primary drivers of the world economy for the past decade, so its slowdown is having ripple effects.

The question for Chinese leaders is how to let the country's economy slow to more sustainable growth rates without having a "crash landing." The government is trying to boost domestic spending while easing off its dependence on trade and state-sponsored investment.

Because China has strong trade links to the West, a slowdown would do some damage to the U.S. and Europe.

EMERGING MARKETS

China's slowdown from high rates is echoed in many other emerging markets, such as India and Brazil.

Many of these countries have benefited for years from a steady flow of investment from developed economies. Because interest rates have been at record lows in the U.S. and Europe, many investors there have sought higher yields in emerging markets, where interest rates are higher.

That is changing, however. The U.S. Federal Reserve is considering raising interest rates, which will entice some investors to keep their money in the U.S. — or withdraw it from emerging markets.

That flow of money back to the U.S. can create huge turbulence in markets. It was behind sharp drops in emerging markets and currencies in February, for example.

EUROZONE WOES

The economy of the 18 euro countries has been struggling to grow since it emerged from recession last year. It expanded by a mere 0.2 percent in the third quarter from the previous three-month period.

Its problems are compounded by the threat of deflation — when prices fall. A sustained drop would hurt growth by encouraging people to delay purchases in hopes of better deals later on.

France: Frenchman Is In Islamic Video

BY LORI HINNANT
Associated Press

PARIS — A 22-year-old French convert to radical Islam appears in a propaganda video showing a beheaded American aid worker and the deaths of Syrian soldiers, a Paris prosecutor said Monday.

Prosecutor Francois Molins identified the man as Maxime Hauchard, one of at least three young Europeans believed among the cold-eyed fighters on the video as the extremist Islamic State group tries to portray itself as an international movement.

Molins said Hauchard has been on the radar of French authorities since he left for Syria in 2013 and another Frenchman could also be among the fighters in the video but it was too early to tell.

President Barack Obama confirmed the slaying of American aid worker Peter Kassig after a U.S. review of the video, which also showed the mass beheadings of more than a dozen Syrian soldiers.

The overwhelming majority of Islamic State fighters are from the Mideast, but the extremist group is trying to cement its claim on an Islamic empire straddling Iraq and Syria. Europe appears to be a fertile ground to find Islamic State supporters, with officials saying thou-

sands of young Europeans have headed off to jihad.

The latest video lingered on the faces of Frenchman Maxime Hauchard and other knife-wielding extremists lined up behind their kneeling victims. Some had distinctly Asian features, while another whose face was hooded had the familiar London accent of the jihadi who also appeared in beheading videos with American hostages James Foley and Steven Sotloff, and with British hostages David Haines and Alan Henning. There were also indications that a Welsh medical student may be the man standing next to Hauchard.

"It's quite transparent that IS is trying to exaggerate its base of support," said Charlie Winter, a researcher at the Quilliam Foundation in London. "They are trying to show that Muslims from all over the world are protecting their Syrian brethren and their Iraqi brethren."

European officials are trying just as furiously to counter that message.

"I call solemnly and seriously on all our citizens, and notably our young people who are the primary target of the terrorist propaganda, to open your eyes to the terrible reality of the actions of Daesh," said French Interior Minister Bernard Cazeneuve, using an Arabic acronym for the Islamic State group. "These are criminals that are building a system of barbarity."

Windy City Farewell



NANCY STONE/CHICAGO TRIBUNE/TNS
Kathy Byrne stands at attention as the casket of her mother, former Chicago Mayor Jane Byrne, is brought into the church on Monday at St. Vincent de Paul Church in Chicago. Jane Byrne, who was Chicago's first female mayor, passed away last week.

Senate Vote On Keystone Pipeline Is Expected Today

BY DAVID ESPO
AP Special Correspondent

WASHINGTON — On the eve of a showdown, Maine independent Sen. Angus King left open the possibility on Monday that he would support legislation to approve the controversial Keystone XL Pipeline, which appears just shy of the 60 votes needed to advance.

"I'm a probable no," King told reporters. Yet he several times refused to rule out voting for the legislation, which has the public support of all 45 of the Senate's Republicans and 14 of its Democrats.

King made his comments as Louisiana Sen. Mary Landrieu, the bill's chief Democratic supporter, claimed anew the measure has the 60

votes necessary. The Republican leading the campaign for the bill, Sen. John Hoeven of North Dakota, was more cautious. "I think we'll get there," he said, although he added he so far has counted only 59 firm supporters.

The bill has fallen victim to Senate gridlock in the recent past, but Landrieu, with her political career at stake, launched an effort last week to find enough Democratic converts for passage. She trails Rep. Bill Cassidy, R-La., in the polls in advance of a Dec. 6 runoff election in Louisiana, but is campaigning as a skilled and seasoned lawmaker with the ability to pass bipartisan legislation vital to her oil-rich state.

The House passed legislation last week to allow con-

struction to proceed, with Cassidy claiming much of the credit.

Even if the bill clears Congress, the White House has discouraged any speculation that President Barack Obama would sign it.

The president has said he wants to allow an environmental review process to be completed, and also to let the Nebraska Supreme Court rule on the legality of a law that allowed state officials to select the pipeline's proposed route.

Supporters of the measure say the pipeline would provide jobs as well as assure that the oil would be processed in the United States. Opponents argue the project could harm the environment, and also say much of the oil would wind up being exported overseas.

Obscure 'Vaccine Court' Has Issues

WASHINGTON (AP) — A system Congress established to speed help to Americans harmed by vaccines has instead heaped additional suffering on thousands of families, The Associated Press has found.

The premise was simple: quickly and generously pay for medical care in the rare cases when a shot to prevent a sickness such as flu or measles instead is the likely cause of serious health complications. But the system is not working as intended.

The AP read hundreds of decisions, conducted more than 100 interviews and analyzed a database of more than 14,500 cases filed in a special vaccine court. That database was current as of January 2013; the government has refused to release an updated version since.

Among the findings: —Private attorneys have been paid tens of millions of taxpayer dollars even as they clog the court with more cases than they can handle, some of which the court rejected as totally inadequate. The court offers a financial incentive to overfile — unlike typical civil court cases, attorneys are paid whether or not they win, as was the case with more than 5,000 losing claims that vaccines caused the developmental disability autism. Those who double-bill for their time or consistently submit questionable expenses are not disciplined.

As Oil Prices Fall, Airlines Hold Prices

NEW YORK (AP) — U.S. airlines are saving tens of millions of dollars every week because of lower prices for jet fuel, their largest expense. So why don't they share some of the savings with passengers?

Simply put: Airlines have no compelling reason to offer any breaks. Planes are full. Investors want a payout. And new planes are on order.

In fact, fares are going higher. And those bag fees that airlines instituted in 2008 when fuel prices spiked aren't going away either.

In the 12 months ended in September, U.S. airlines saved \$1.6 billion on jet fuel. That helped them post a 5.7 percent profit margin in the first three quarters of this year, robust for the industry but lagging behind the 10 percent average for the Standard & Poor's 500.

In the past six years, airlines have done a great job of adjusting the number of flights to fall just short of demand. As a result, those who want to fly will pay a premium to do so. Airlines are selling a record 85.1 percent of their domestic seats. Thanks to several mega-mergers, four big airlines control the vast majority of flights, leaving very little room for another airline to undercut fares.

Scientists: Comet Lander May Wake Up

BERLIN (AP) — A burst of sunshine in the spring could be just the wakeup call for Europe's comet lander.

Scientists raised hopes Monday that as the Philae lander nears the sun its solar panel-powered battery will recharge, and the first spacecraft to touch down on a comet will send a second round of scientific data back to Earth.

Since landing with a bounce on the comet Wednesday, Philae has already sent back reams of data that scientists are eagerly examining. But there were fears its mission would be cut short because it came to rest in the shadow of a cliff. Its signal went silent Saturday after its primary battery ran out.

Shortly before that happened, the European Space Agency decided to attempt to tilt the lander's biggest solar panel toward the sun — a last-ditch maneuver that scientists believe may have paid off.

"We are very confident at some stage it will wake up again and we can achieve contact," Stephan Ulamec, the lander manager, told The Associated Press.

Pope Francis To Travel To Philadelphia

PHILADELPHIA (AP) — Organizers of the World Meeting of Families for months were coy when asked if Pope Francis would come to Philadelphia for the massive Roman Catholic-sponsored gathering.

It turns out that when the pontiff finally confirmed his attendance Monday, organizers already had gotten inside information from an unimpeachable source: Francis told Gov. Tom Corbett during a Vatican meeting in March that he would make the journey, his first papal visit to the United States.

"The Holy Father answered our invitation by whispering three words in Tom's ear: 'I will come,'" said Susan Corbett, Pennsylvania's first lady.

Protocol kept them from saying anything publicly until now, she said at a news conference hours after the pope's statement.

Still, the timing of Francis' announcement — made during an interreligious Vatican conference on traditional family values — came as a bit of a surprise and set cellphones abuzz in Philadelphia around 3:30 a.m. EST. Organizers had not expected official word until later next year.

Huge Solar Plant Lags In Production

LOS ANGELES (AP) — The largest solar power plant of its type in the world — once promoted as a turning point in green energy — isn't producing as much energy as planned.

One of the reasons is as basic as it gets: The sun isn't shining as much as expected.

Sprawling across roughly 5 square miles of federal desert near the California-Nevada border, the Ivanpah Solar Electric Generating System opened in February, with operators saying it would produce enough electricity to power a city of 140,000 homes.

So far, however, the plant is producing about half of its expected annual output for 2014, according to calculations by the California Energy Commission.

It had been projected to produce its full capacity for 8 hours a day, on average.

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