

Federal Reserve against raising rates

■ The Fed decide not to rise interest rates because of the healthy pace of economic growth.

THE ASSOCIATED PRESS

WASHINGTON — The Federal Reserve, encouraged that the record-breaking economy is slowing to a more sustainable but still-healthy pace, decided Wednesday against raising interest rates.

A key rate controlled by the Fed, called the federal funds rate, will stay at 6.5 percent, the highest level in nine years. The funds rate is the interest that banks charge each other on overnight loans.

Instead of being cheered by the no-rate-increase stance, investors apparently were upset by the Fed's indication that it was not

closing the door to future increases. The Dow Jones industrial average, which was up 113 points when the Fed announced its decision, plunged 90 points within 15 minutes. The Dow recovered some ground, narrowing its loss to around 15 points in afternoon trading.

The central bank's decision came after the end of a closed-door meeting of the Federal Open Market Committee, the officials, including Fed Chairman Alan Greenspan, who set interest rate policy.

The outcome had been widely expected by private economists, especially with the uncertainty surrounding the presidential election, which has given Wall Street one more thing to worry about.

It marked the fourth meeting in a row in which the Fed passed up the chance to raise rates another time this year. The Fed left

interest rates unchanged at its June, August and October meetings, citing signs of moderating economic growth.

In a statement explaining its decision Wednesday, the Fed said increased energy prices still raise inflation dangers down the road. But the Fed also noted a "softening in business and household demand."

In the part of the statement that reflects possible future moves, the central bank left the door open to further rate increases. The Fed said it believes the risks continue to be "weighted mainly toward conditions that may generate heightened inflation pressures in the foreseeable future."

The Fed said it is still concerned about tight labor markets and rising energy prices, saying they threaten "the possibility of raising inflation expectations."

Diane Swonk, chief economist for Bank

One in Chicago, doesn't foresee the Fed anytime soon either moving to a stance where it would be neutral about the prospects of additional rate increases in the future or easing interest rates "because there's still a heck of a lot of cheer in this economy."

Without a boost to the key funds rate, commercial banks won't feel the need to raise their prime lending rate, a benchmark for millions of loans, from home equity and unpaid credit card balances to short-term loans for businesses.

The prime rate stands at 9.5 percent, its highest level since January 1991, when the country was in its last recession.

Since June 1999, the Fed has raised rates six times with the goal of bringing about a "soft landing" — slowing economic growth enough to keep inflation under control but not so much as to cause a recession.

World/Nation

The Associated Press

■ Italy

Fiat dynasty hit hard with death of Agnelli heir

ROME — Edoardo Agnelli, the son of the head of the Fiat dynasty, was found dead Wednesday under a highway bridge, the second tragic blow for Italy's most prominent family in recent years.

Investigators suspected suicide in the death of the 46-year-old son of Fiat magnate Giovanni Agnelli. Edoardo Agnelli was described by friends as a dreamer more interested in mysticism than cars, but his death gave new edge to the question of who will lead Fiat in years to come.

Fiat officials said Agnelli's body was found by a highway patrol alongside a stream under a 240-foot-high bridge. Italian reporters who went to the scene about 50 miles from Fiat headquarters in Turin, said the body suffered trauma to the head and face from an apparent fall.

Like the Kennedys in the United States, the Agnelli family's doings are widely chronicled in Italy. Giovanni Agnelli is quoted on subjects ranging from business to finance to soccer.

■ Washington, D.C.

Survey finds public knows little about tire maintenance

The huge recall of Firestone tires linked to 119 U.S. traffic deaths has prompted many drivers to pay more attention to tire maintenance, but most still know little about what's needed to insure safe tires, according to a survey released Wednesday.

The Rubber Manufacturers Association, which commissioned the poll, plans to use the results in a campaign promoting tire maintenance and safety.

"What we've found is that people just assume that their tires are indestructible, but we all know that tires fail," said Isabel Jasinowski of The Goodyear Tire & Rubber Co.

The nationwide survey asked 400 licensed drivers to answer 16 questions about tire safety and maintenance. No one received an A, while 36 percent scored a D and 41 percent an F, meaning they answered fewer than 10 questions correctly.

OXFORD — A man who

■ Great Britain

Former Beatle's attacker acquitted by insanity

stabbed George Harrison because he believed he was possessed by the former Beatle, was ordered confined to a mental hospital Wednesday after being acquitted of attempted murder by reason of insanity.

Judge Michael Astill said Michael Abram would be held "without time restriction" and must gain the approval of a mental health tribunal if he seeks release.

Abram, 34, had been accused of breaking into Harrison's home in Henley-on-Thames, west of London, and stabbing him repeatedly, puncturing a lung. He also was charged with attacking Harrison's wife, Olivia, when she came to her husband's defense.

In a statement read outside Oxford Crown Court by the couple's son, Dhani, the Harrisons criticized the "ancient lunatic law" that allows acquittal on mental grounds.

■ Washington, D.C.

Advocates: Breakfast program offered at too few schools

About 6.4 million poor schoolchildren are getting free or reduced-price breakfasts, nearly double the number a decade ago, but millions of other needy kids aren't receiving the meals because too few schools offer them, an advocacy group says.

About 42 percent of low-income children who participate in the federal school lunch program also got the government-subsidized breakfasts during the 1999-2000 school year, according to a report released Wednesday by the Food Research and Action Center.

West Virginia has the highest participation in the breakfast program, with 56 percent of kids getting free or reduced-priced lunches also receiving the breakfasts.

If children in other states participated in the breakfast program as much as they do in West Virginia, an additional two million kids would be getting the meals, at a cost to taxpayers of \$321 million, the report stated.

Israel mourns loss of campaigner for peace

U.S. First Lady and New York Senator-elect Hillary Rodham Clinton lays a wreath at the grave of Leah Rabin during her funeral Wednesday in Jerusalem. Rabin, widow of assassinated Israeli Prime Minister Yitzhak Rabin, and a tireless campaigner for peace, died Nov. 12 at the age of 72.



Brian Hendler/Newsweek

THE ASSOCIATED PRESS

JERUSALEM — Leah Rabin, a passionate campaigner for peace, was buried Wednesday beside her husband, Prime Minister Yitzhak Rabin, who was assassinated in 1995 by an extremist Israeli who objected to his peace offers to the Palestinians.

World leaders, including U.S. first lady Hillary Rodham Clinton, paid tribute to Rabin, who died Sunday of cancer.

More than 1,500 invited guests attended the simple ceremony in a pine grove at Jerusalem's Mount Herzl cemetery. The mourners included German President Johannes Rau and Chancellor Gerhard Schroeder, Russian Foreign Minister Igor Ivanov and U.S. Mideast peace envoy Dennis Ross.

Rabin's daughter, Dalia Rabin-Pelosof, pressed a white handkerchief to her face to hold back tears as the simple wooden coffin was lowered into the ground.

In a sign of the unique status Rabin had acquired, she was the first Israeli who did not hold high office to be buried in a plot normally reserved for presidents and prime ministers.

Clinton said Rabin was "a wonderful woman, a dear friend, an ambassador of peace, a woman of valor." She said she was wearing a pin Rabin had given her, and pledged that the United States would always stand by Israel, "especially in difficult times like these," a reference to six weeks of Israeli-Palestinian violence that has left more than 200 people dead.

Former Israeli Prime Minister Shimon Peres praised

"Rabin was a wonderful woman, a dear friend, an ambassador of peace, a woman of valor."

Hillary Rodham Clinton
U.S. first lady

Rabin for taking her husband's message of Israeli-Arab peace to the world after he was shot and killed on Nov. 4, 1995.

"When Yitzhak was assassinated, Leah knew that she must not turn into a grieving, agonized widow," but must carry the torch ignited by her husband, Peres said.

Rau recalled that Rabin was born in Germany but emigrated with her family when the Nazis came to power. When she visited Germany after her husband's assassination to spread his legacy of peace, "people listened to her," Rau said.

Several speakers noted her sharp tongue. Prime Minister Ehud Barak offered thanks to Rabin for her steadfast commitment and work for peace and "also for the tough criticism that you gave me in recent days." In a newspaper interview, she said her husband would be spinning in his grave because of concessions Barak offered the Palestinians in Jerusalem.

Earlier Wednesday, Rabin's coffin was placed at the Tel Aviv square where her husband was killed. Hundreds of mourners filed past the coffin, which was flanked by bird of paradise flowers and draped with an Israeli flag. The square was later renamed after Rabin.

Three officers found guilty of corruption

■ The biggest scandal in Los Angeles history sends those involved to a sentencing.

THE ASSOCIATED PRESS

LOS ANGELES — Three officers accused of framing gang members were convicted of conspiracy and other crimes Wednesday in the first trial resulting from the biggest police corruption scandal in Los Angeles history.

After weighing testimony from a parade of gang members and police officers, the Superior Court jury found Sgts. Brian Liddy and Edward Ortiz and Officer Michael Buchanan guilty. A fourth officer, Paul Harper, was acquitted of all charges.

"There's good cops and there's bad cops," jury foreman Victor Flores said. "A lot of us on the jury felt that they just didn't happen to cover themselves enough, and they never thought it would come back to haunt them."

The convicted officers face one to four years in prison at their sentencing Jan. 16. Defense attorneys said they will appeal.

"There's been so much publicity about the Rampart scandal the jury might be afraid if they came in with all not guilty's, people would think it was the O.J. jury," said Harland Braun, who represented Buchanan.

The scandal, centered within the anti-gang unit at the LAPD's Rampart station, involves allegations that officers framed gang members, planted evidence,

committed perjury and even shot innocent victims.

The scandal has led to the dismissal of about 100 criminal cases tainted by police testimony. Dozens of officers have quit, been fired or suspended.

According to some estimates, it may cost the city \$125 million to settle lawsuits resulting from the scandal.

The first trial was considered an important test which could determine whether prosecutors would go forward with cases against more officers. So far, only one other officer has been charged and is awaiting trial.

The partial convictions were a victory for District Attorney Gil Garcetti, who lost his re-election bid one day before the case went to the jury. He had been criticized for pursuing a case that appeared thin and was still stinging from the O.J. Simpson murder trial loss.

"The issues in this case go to the very heart of the criminal justice system," Garcetti said. "We must be able to depend on the honesty of all police officers."

Prosecutors had pressed forward with the trial despite losing their star witness: Rafael Perez, a disgraced former cop whose allegations started the scandal.

Perez turned informant in exchange for leniency after he was caught stealing \$1 million worth of cocaine from a police evidence room.

He was expected to be the top prosecution witness until he demanded immunity from murder allegations — now recanted — made by an ex-lover.

Electors on top of polling tide

THE ASSOCIATED PRESS

They're like anybody else — teachers, stay-at-home moms, business people, retired military officers. Except for the fact that every four years, these 538 electors decide who becomes our next president.

Usually a dry formality to sign off on the popular vote, this year the Electoral College could tip the election: George W. Bush or Al Gore. No electors have publicly said they will break their pledge, but it could take only three to upend the results.

"I'm overwhelmed," said Jo Slaughter, a Bush-pledged elector from Charleston, W. Va. A homemaker with a grown daughter, she gets questions about the Electoral College at church, charity meetings — and from reporters hounding her on the phone. Now she plans to speak to a fourth-grade class to explain how it all works.

Suddenly, what was once a question on a social studies test becomes front page news. "We had no clue it was going to be like this," said Kristie Mann, a Gore-pledged elector from California.

A few facts: The college is not actually an institution. All 538 electors don't ever meet; instead, each state's electors gather in their state capitals to cast votes. Whichever candidate gets the majority becomes president.

Electors are chosen by the political parties in their states (sometimes elected at the state convention, sometimes chosen by a committee or just appointed). Each party chooses a slate of electors pledged to their nominee — so Bush winning Texas means GOP electors get to vote, and the Democrats stay home.

This election could come down to a four-vote margin in the Electoral College — and since the Constitution doesn't require electors to stick to their pledges, it raises the possibility that a few switches could turn the election. (About half the states require electors to keep their promise, but those laws may not be enforceable.)

For the electors, the uncertainty has brought attention. "It's just been a really wild experience, to say the least," said Don Wilcox, a Gore elector from California active in Democratic politics. "I never had any thought other than it would be anything other than a fabulous ceremonial civics lesson."

Weather

TODAY
Windy
high 32, low 18

TOMORROW
Partly cloudy
high 33, low 21

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Fax Number: (402) 472-1761
World Wide Web: www.dailynebr.com
The Daily Nebraskan (USPS 144-080)
is published by the UNL Publications Board,
20 Nebraska Union, 1400 R St.,
Lincoln, NE 68588-0448, Monday
through Friday during the academic year;
weekly during the summer sessions.
The public has access to the Publications Board.
Readers are encouraged to submit story ideas
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Subscriptions are \$60 for one year.
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