

Student senate sustains scrupulous spending

■ The ASUO Student Senate tightly doled out surplus funds Wednesday

By Emily Gust
Oregon Daily Emerald

Sen. Mary Elizabeth Madden took a hard line Wednesday, as she prevented more than \$2,000 from leaving the general surplus.

A number of students plan to attend a protest against the Free Trade Area of the Americas in San Diego this weekend. Oona Holcomb, a member of the Survival Center, asked the student senate to help cover travel expenses.

Madden, upon examining the Survival Center's account information, pointed out there were a lot of places where the group had extra money that did not seem to be in use. She sug-



gested transferring funds from those areas rather than providing for the entire special request through the surplus. Specifically, Madden wanted to take money from the group's Earth Week fund.

But Holcomb said it was not in her jurisdiction to touch that area of the budget because the Survival Center is split up into several different authorities, each of which governs a different segment of the budget.

ASUO Vice President Holly Magner agreed, and Sen. Katie Howard said she didn't think the senate should consider draining funds from a project that is still going on. Earth Day is

this weekend.

But Madden asked if the group planned to spend much more on Earth Week celebrations. "To be honest, probably not," Holcomb said. "But at the same time I'm not supposed to use it ... I don't want to be stepping on the toes of anyone."

The senate eventually decided to give the Survival Center \$700 from the surplus, and to transfer the additional funds from within the group's budget. A five-minute recess to figure out the specifics ended, however, when a representative from the Women's Law Forum suddenly announced her group would offer the Survival Center a co-sponsorship for the event.

Madden subjected the Designated Driver Shuttle to similar scrutiny.

"We are out of gas money," said Jeff Salchen-

berg, co-director for DDS. "There's really not much to it."

Madden asked Salchenberg about \$6,000 resting in the group's maintenance fund, and suggested transferring money from the group's own funds rather than taking it from the general surplus.

But Sen. Tex Arnold hesitated on moving money out of the group's maintenance fund.

"What if something breaks down?" he asked the senate. "Cars don't run forever."

Madden said if that were the case, the group could come and ask for more money.

And many senators seemed to agree. In a unanimous decision, the senate voted to move \$1,800 from DDS's maintenance fund to pay for gas, and avoided dipping even further into surplus.

Fed surprises Wall Street with unexpected rate cut

By Martin Crutsinger
The Associate Press

WASHINGTON — Acting in an emergency conference call, the Federal Reserve moved Wednesday to bolster the flagging economy by cutting interest rates by half a point for the fourth time this year.

It marked the most aggressive credit easing during Federal Reserve Chairman Alan Greenspan's nearly 14 years at the helm and sent a clear message that the central bank is prepared to do whatever it can to prevent a recession.

Wall Street, which had given up hope that the Fed would cut rates again before its meeting on May 15, soared on the news.

The Dow Jones industrial average enjoyed its third biggest one-day

point gain in history, rising by 399.10 points, or 3.9 percent, to close at 10,615.64. The technology-heavy Nasdaq rose 8.1 percent, its fourth best percentage gain, to close at 2,079.44.

"Tactically, this was a masterful stroke on the part of the Fed because the markets had completely eliminated the possibility of a Fed cut before the next meeting," said David Jones, chief economist at Aubrey G. Lanston & Co. in New York.

The Fed's decision to cut the federal funds rate, the interest that banks charge each other, to 4.5 percent will translate into lower borrowing costs for millions of Americans.

Commercial banks immediately followed suit with a half-point cut

in their prime lending rate, pushing the benchmark for many consumer and business loans down to 7.5 percent, the lowest level in more than six years.

In a brief statement announcing its decision, the Fed said it was concerned about recent declines in business investment in new plants and equipment, one of the major driving forces in the record 10-year economic expansion.

A further decline in investment spending, combined with the negative effects on consumer spending from a falling stock market and with economic weakness in other countries, "threatens to keep the pace of economic activity unacceptably weak," the Fed said.

"This is exactly the right decision,

made at exactly the right time," said Gordon Richards, chief economist for the National Association of Manufacturers. "It is much-needed adrenaline for a weak economy."

The big Wall Street rally Wednesday was the most positive immediate response since the Fed began the series of rate reductions on Jan. 3. Its reduction that day, the first cut outside of a regular meeting since the Asian crisis of 1998, triggered a 300-point Dow rally.

The market was disappointed in the next two rate cuts, which came during regularly scheduled Fed meetings, especially the March 20 announcement when investors had been hoping for a bigger three-quarter-point Fed move.

Analysts said Greenspan and his colleagues clearly had investors in mind in the timing of Wednesday's move, hoping to bolster consumer confidence, which has been sagging as Americans watched trillions of dollars of paper wealth evaporate over the past year.

The rate decision was made dur-

ing a telephone conference call among Fed policy-makers beginning at 8:30 a.m. EDT. The announcement of the change came shortly before 11 a.m.

Greenspan has said in congressional testimony this year that the biggest threat of a recession would come from a sudden plunge in consumer and business confidence, which could be triggered by a steep stock market sell-off.

The Fed announcement said risks to the economy remained "weighted mainly toward" weakness rather than inflation, and analysts took that language to signal further rate cuts were likely. The Fed was given maneuvering room by Tuesday's benign report on inflation which showed consumer prices were up just 0.1 percent in March.

Many analysts believed the next rate cut would occur at the Fed's regular May 15 meeting, but they were uncertain whether it would be another half-point cut or Greenspan's more normal quarter-point reduction.

Business, Community & the Environment

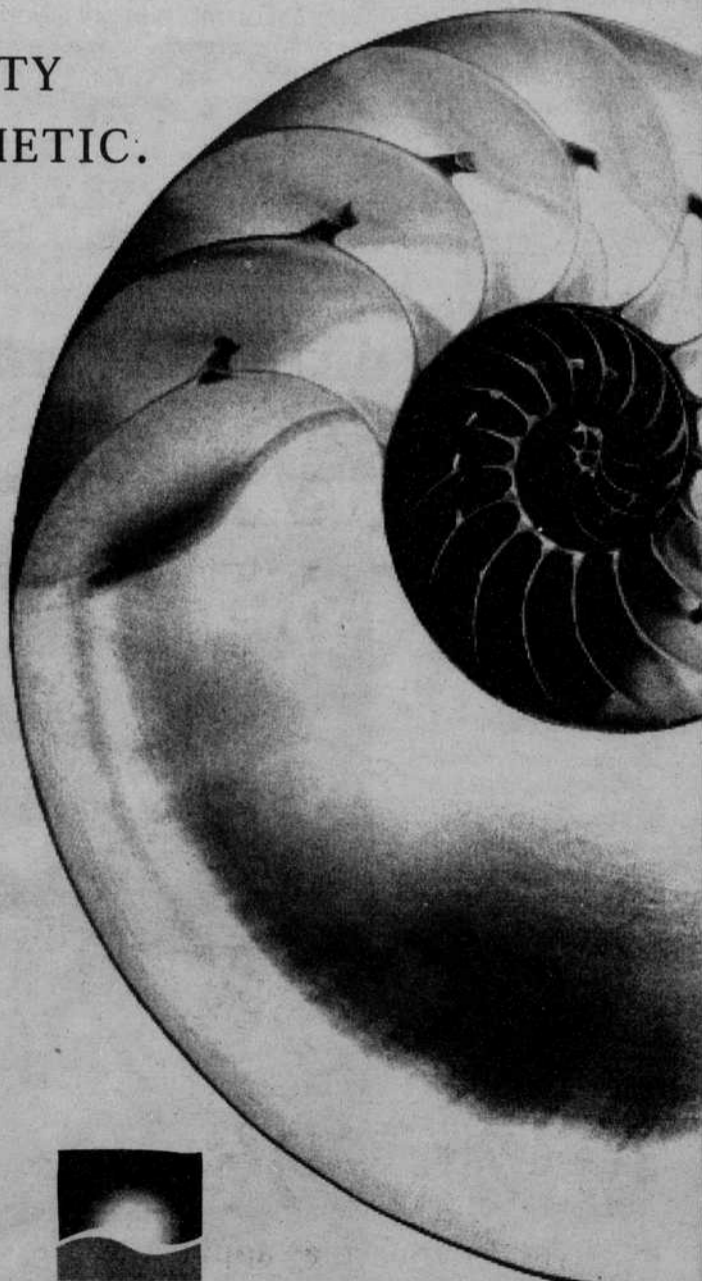
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