

# HOLMGREN RETURNS FOR FINAL YEAR

**STEVE KELLEY:** Hawks coach gets to finish career his way

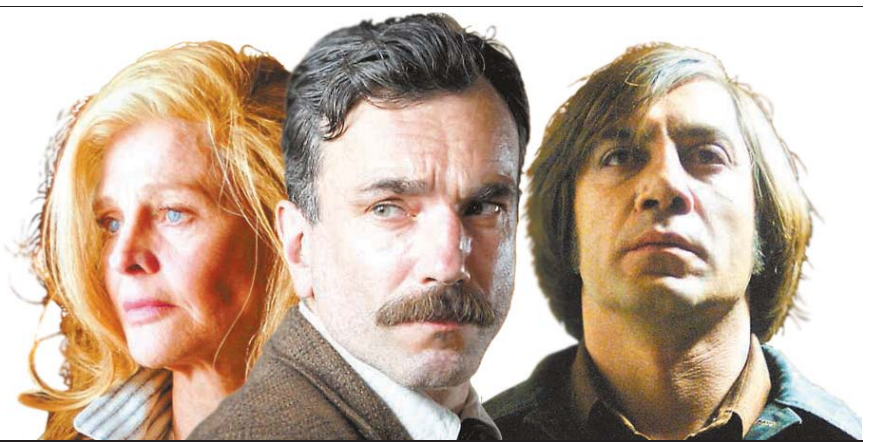
SPORTS > D1



# OSCAR'S LEADING NOMINEES

"There Will Be Blood," "No Country for Old Men," Julie Christie

NW LIFE > G1



WEDNESDAY, JANUARY 23, 2008

**MOSTLY SUNNY.**  
High 40, low 28.  
> LOCAL B8

# The Seattle Times

**SNOHOMISH COUNTY**

50¢ King, Pierce, Snohomish, Island, Kitsap and Thurston counties | 75¢ elsewhere



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# Markets jittery; should you be?



As stocks tanked at home and abroad — a reaction to months of growing concern over the U.S. economy — the Federal Reserve quickly and sharply cut interest rates. A meltdown was averted, but there's still a lot for consumers to consider.

## A VICIOUS CYCLE

When people fret about the economy, they tend to do things that will make it even worse

BY JEANNINE AVERSA  
The Associated Press

WASHINGTON — When people are panicking, it's hard to stop the stampede with talk about cutting a "federal funds rate." Economic fears on Wall Street and around the world are making people and businesses hunker down, and that could make all the recession worries come true — a vicious cycle the Federal Reserve, White House and Congress may be hard-pressed to break.

Giving it a try, official Washington is in full crisis-management mode. Virtually everyone agrees more action will be needed.

In his boldest action yet, Fed Chairman Ben Bernanke on Tuesday slashed the central bank's most important interest rate by three-quarters of a percentage point — the biggest cut in records going back to 1990 — and signaled he's ready to go lower. That should lower many other interest rates charged to millions of people and companies.

At the same time, President Bush and top lawmakers in Congress were rushing to secure fast agreement on a rescue plan to inject about \$150 billion into the troubled economy. Tax

Please see > **ECONOMY, A11**

**STIMULUS PLAN:** New urgency could speed rebate checks > **A11**  
**FED'S RATE CUT** a morale boost, not a cure-all > **Business C1**

Q&A at noon today > What does the economic news mean to you? Financial journalist Jon Talton will answer readers' questions. Submit them at [seattletimes.com](http://seattletimes.com)



**CHICAGO BOARD OF TRADE:** Traders await the markets' close Tuesday. The Dow plunged steeply then partly recovered on news of an interest-rate cut.

## Q&A | Credit-card, mortgage rates | Will prices go down? | Advice on 401(k)s, stock portfolios

BY TONY PUGH  
McClatchy Newspapers

WASHINGTON — With the market dropping, the economy softening and prices spiking, it's an unsettling time for many Americans. Here are some answers to key questions consumers face:

**Q.** Will my credit-card and other interest rates fall after Tuesday's action by the Fed?

**A.** Yes. Cutting the target for the federal funds rate to 3.5 percent means that the prime rate should fall by an equal amount, to 6.5 percent. Since most Americans have variable-rate credit cards that are tied to the prime rate, interest rates on those cards should drop in the coming weeks along with interest rates on home-equity

lines of credit.

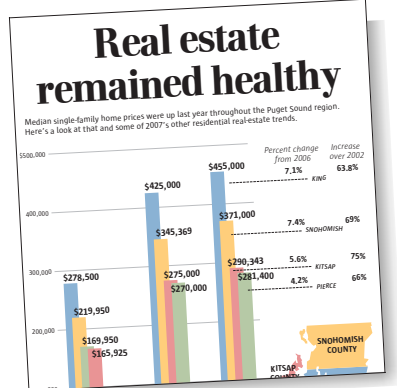
**Q.** What about my mortgage?

**A.** The Fed's action doesn't affect existing fixed-rate mortgages. The

interest rates on new fixed-rate mortgages generally are tied to inflation and the yield on long-term bonds, and both of those reflect conditions in the general economy. Consumer inflation last year was 4.1 percent — the highest in 17 years — and the economy faces the threat of recession, suggesting that fixed mortgage rates may rise rather than fall.

For homeowners with adjustable-rate mortgages, the Fed's move is a mixed bag. There will be little immediate impact for exist-

Please see > **Q&A, A11**



## '07 home prices not so bad after all

With all the dismal national news about home sales, wasn't 2007 supposed to be the year the local real-estate market died?

Well, surprise. Although home sales indeed were down 14.5 percent in King County and the number of for-sale homes was up almost 9 percent, prices more than held their own.

Compared with 2006, the county's single-family home prices climbed 7.1 percent last year, according to the Northwest Multiple Listing Service's annual report released Tuesday. King County's condominium prices appreciated 12.4 percent.

These trends were mostly repeated in surrounding Puget Sound counties. For more on them, plus graphics showing other highlights from the annual report, see **C1**.

## Passenger rights bill gets a push in state

BY ANDREW GARBER  
Seattle Times Olympia bureau

OLYMPIA — State Sen. Ken Jacobsen believes airline passengers deserve some basic rights — food, water, fresh air, working restrooms and the ability to get medical attention if they're stuck in a parked airplane for more than three hours.

Jacobsen, D-Seattle, says his legislation that would provide those rights comes from personal experience. "I had my epiphany on the runway: This sucks," he said.

Airlines seem to have the same opinion of his measure, Senate Bill 6296, which also would subject airlines to potential fines of up to \$1,000 per violation, per passenger.

Major carriers, including Southwest Airlines and Alaska Airlines, oppose the legislation. They say they already have good customer service, and that only the federal government should regulate their industry.

Jacobsen's bill, which had a hearing, Please see > **BILL, A8**



Sen. Ken Jacobsen: Air travelers need recourse.

## Newsline

A quick look at today's news. For updates: [seattletimes.com](http://seattletimes.com)

**Out of race:** Fred Thompson, actor and former Tennessee senator, dropped his bid for the GOP presidential nomination. > **A5**

**"Strippergate":** A settlement will be considered with Seattle strip-club magnate Frank Colacurcio Sr. over a campaign-finance scandal. > **Local B1**

**WaMu:** Top executives will get six-figure bonuses for their performance last year despite huge losses. > **Business C1**

**NFL:** Ex-Titan defender Rien Long, a former WSU star, was in critical condition after he crashed his sports car in Nashville. > **Sports D3**

**Opinion:** Now's not the time to go wobbly on WASL, writes Bruce Ramsey. > **B6**



## Actor Heath Ledger dies at age 28

The "Brokeback Mountain" star was found in a New York apartment with prescription pills nearby. > **A2**