

The Day

The Red Sox slug six home runs in 13-5 rout of the division-leading Rays **Sports, C1**

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Crisis sending economy into a tailspin

As Wall Street emergency deepens, no one is sure whether the end is in sight or downturn could lead to years of stagnation



Elizabeth Rose, a specialist with Lehman Brothers MarketMakers, works her post on the trading floor of the New York Stock Exchange on Monday. A stunning reshaping of the Wall Street landscape sent stocks down sharply Monday. The Dow Jones Industrial Average was down 504 points, the sixth-largest point drop in its history. **DAVID KARP/AP**

By **ADAM GELLER**
AP National Writer

New York — It started as a panic attack, soothed by assurances that the problem was limited to a relatively small number of reckless home loans. Now it's clear the crisis was anything but contained — and that the nation's financial system is dangerously close to the edge.

It may well pull back. But as policymakers try to guide the economy across a very frayed tightrope, it is growing increasingly difficult to know whether the worst is behind us, or if problems could spin further out of control and inflict more serious damage.

"The entire world economy is being held hostage to the welfare of the financial community because we're talking about an industry that provides credit, which is the lifeblood of business and consumer spending," said Bernard Baumohl, chief global economist for The Economic Outlook Group in Princeton, N.J.

It has been generations since the economy teetered this close to falling into a depression. Could the massive failed bets made by Wall Street and the desperate efforts to stem the damage sentence the economy to years of stagnation, or worse?

Policymakers and economists have a much better understanding of how the financial system works now than they did during the Great Depression, where it's widely agreed that much of the damage came because of a failure to act.

The lessons learned from the past **SEE PAST PAGE A5**

"We're running out of big ones to fall. These firms have really damaged their reputations in what essentially is a confidence industry."

BILL MIDDLETON, AN INVESTMENT ADVISER AT SOUND PORTFOLIO ADVISORS IN MYSTIC

"I'm worried the global financial system will collapse. I think it's terrifying ..."

SUSANNA DOYLE, A SUMMER RESIDENT OF FISHERS ISLAND

Local investors worry about impact of crisis on global financial system

Lack of confidence seen as cause of instability

By **LEE HOWARD**
Day Staff Writer

Susanna Doyle, a summer resident of Fishers Island who calls herself a child of the Depression, thought of one word — terror — when she considered the demise Monday of the venerable Lehman Brothers investment bank.

"I'm worried the global financial system will collapse," said Doyle, munching on a sandwich as she read a newspaper at Muddy Waters Cafe in New London. "I think it's terrify-

ing ... You don't know what's going to happen next."

Doyle, a former writer for The Village Voice in New York, pointed out that the financial system works largely on trust. And right now, with the demise of New York-based Lehman Brothers, the related buy-out of struggling Merrill Lynch and the potential fall of insurance giant AIG, not many people are trusting the system, she said.

"What we've lost is confidence," agreed Glenn Hamler, a financial adviser at Stiefel-Nicolaus in New London, who had been chewing over the latest financial news with friends

earlier in the day at the cafe. "But I have to have confidence ... I have to believe we have systems in place that will stem the collapse."

What many people worry about, according to the state's economists and financial experts, is the seeming domino effect of a series of high-profile business failures in the financial sector over the past few months. The failures, buyouts and bailouts have included the investment banking firm Bear Stearns, mortgage powerhouses Freddie Mac and Fannie Mae, federal bank Indy Mac and mortgage-lending be-

SEE IMPACT PAGE A5

INSIDE:

■ Experts predict that events of the past 72 hours heralded a new period of painful change for Wall Street. Investment banks will be smaller. Profits will be leaner. Jobs in finance will be scarcer. And the outside role of Wall Street in the nation's economy will shrink. **A4**

■ The collapse of major financial sector companies could have seismic effects on Connecticut's budget. **A4**

■ Lehman Brothers' woes may aid Connecticut leaders' quest to purchase The Preserve, a 1,000-acre pristine forest in Old Saybrook owned by River Sound Development, LLC, a subsidiary of the flagging investment bank. **A4**

■ Barack Obama and John McCain have seven weeks to convince voters that they are capable of leading the country out of the economic morass heralded by Monday's meltdown on Wall Street. **A5**

Dance professor at Conn College resigns over résumé padding

Former chairwoman of department claimed degree she didn't earn

By **KATHLEEN EDGECOMB**
Day Staff Writer

New London — A longtime professor and acting chairwoman of the dance department at Connecticut College resigned Monday after the college learned she had

padding her résumé with academic degrees she had not earned.

Lan-Lan Wang of Waterford, who was hired by the college in 1994 and chaired the dance department until 2006, said she had bachelor's and master's degrees from the University of Iowa.

Officials at the University of Iowa said she never completed her bachelor's degree, according to Amy Martin, a Conn College

spokeswoman. The college was alerted to the discrepancy in her résumé by an e-mail questioning her credentials, Martin said.

Roger Brooks, dean of the faculty, sent an e-mail to the college community Monday announcing Wang's immediate resignation.

"Institutional integrity is of paramount importance to Connecticut College, so I have ac-

SEE WANG PAGE A5



Lan-Lan Wang of Waterford, a longtime professor and acting chairwoman of the dance department at Connecticut College, said on her résumé that she had completed a bachelor's degree at the University of Iowa, which was untrue.

DAY FILE PHOTO

WEATHER

Today, mostly sunny, cooler, high of 69. Wednesday, mostly sunny and pleasant, high of 70. **B6**

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IKE'S AFTERMATH



Rescuers flew into a hard-to-reach area of the swamped Gulf Coast Monday and uncovered a devastated landscape: Hurricane Ike had obliterated entire subdivisions, and emergency crews feared they would find more victims than survivors. **See A3**

SLOTS A GOOD BET

Facing tough competition from slot parlors in Rhode Island, Pennsylvania and New York, the state's two tribally owned casinos in August dropped their hold percentage, or the average percent of wagers that the casino keeps. In theory, at least, that means slot patrons won more.

Compared to August 2007, the slot win at Foxwoods increased by \$842,000 to \$72.8 million while it decreased by nearly \$6 million to \$77.5 million at Mohegan Sun.

In August, Foxwoods sent \$18.2 million to state coffers, while Mohegan Sun contributed \$19.4 million.

In recent months both casinos have seen their slot numbers decline, sometimes by double-digit measures. **See BUSINESS**

Options unlimited

"Community Comment" is a new initiative by the Lyman Allyn Art Museum that invites regular people to peruse the archives and choose a piece of art for display. It's a good way to get seldom-seen pieces out of the vault for public view, says Jane Seney, director of education at the museum.

See DAYBREAK



