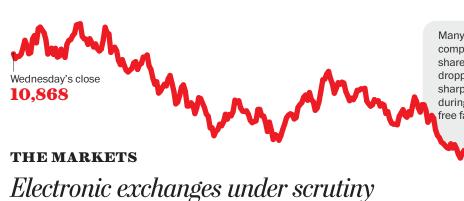
# Chaos on Wall Street

On a day of global turmoil, Dow is briefly down nearly 1,000 points



after wild momentary price swings

## BY DAVID CHO

AND JIA LYNN YANG

Stock markets went haywire on Thursday. Shares were already falling over fears of fiscal problems in Europe when something, perhaps a structural flaw in U.S. markets, dragged prices into a historic and breathtaking plunge.

In the span of minutes, the Dow Jones industrial average plummeted nearly 1,000 points from its previous close - a record and whipsawed back up, creating one of the wildest trading days ever. The Dow still closed down more than 3 percent, and more unrest may be in store for Friday as market officials and regulators try to sort through the aftermath.

Rumors about the cause of the

chaos were rampant on Wall Street and in Washington. Some traders speculated about human error, such as an electronic trade of stocks entered with the wrong amount. Regulators offered little clarity, saying they would investi-

Some price swings of stocks defied logic. The shares of Accenture, a consulting firm, fell from \$40 to a single penny and then back to \$40 again. Procter & Gamble traded at \$54 on the New York Stock Exchange. But at the same time, Nasdaq was reporting that the company's shares were selling

Thursday's dramatic gyrations added fuel to the biggest policy debate in Washington: how to

MARKETS CONTINUED ON A21

### THE CONTAGION EFFECT

## Wary investors look at Greece, see a death spiral in Spain and beyond

### BY NEIL IRWIN

MADRID — A third straight day of decline in world financial markets on Thursday was vivid evidence of a scary proposition: That the fiscal crisis that began in Greece months ago is spreading across Europe like a virus, causing growing doubt even about the fates of nations with far more manageable levels of government

It is called the contagion effect, economists' metaphor for the rapid and hard-to-predict spread of a financial crisis, and it's driven by the fragility of investors' perceptions. Contagion is a function of vicious cycles in which confidence in a country's ability to repay its debts falls. If investors lose piles of money on the debt of one country, they assume that owning the debts of other countries with similar finances might cause them to lose even more. So they sell their investment in the second country, which in turn must pay higher and higher interest rates to get any loans, which adds to its debt and creates a fiscal death spiral that can well move on to the next country.

Spain is in the path of the storm and at the mercy of global investors, who are operating under the twin pressures of fear and greed. The country has less debt relative to the size of its economy compared with the United States or Britain, but contagion can threaten even countries that have

CONTAGION CONTINUED ON A21

### Many Procter \$60.75 & Gamble companies' **Accenture** share prices \$61.91 \$41.78 \$41.09 during the \$39.37 \$0.01-2:56 p.m. 17 minutes after 2:20 p.m. the free fall The Dow was down as

started, stocks

bounced back.

A trader error, possibly a typo, may have triggered the panicked selling. The plunging prices then set off the New York Stock

Exchange's circuit breakers,

traders watched protests

in Athens on TV.

which slowed trading. But other markets continued selling stocks using automated computer systems that kept setting prices lower and lower. Accenture, for instance, dove from \$40 dollars a share to zero.

#### STEVEN PEARLSTEIN

66 It is easy to dismiss Thursday's 30-minute, 1,000-point boomerang on the **Dow Jones** industrial average as a freak event that resulted when everyday human error collided with high-speed, high-volume computerized trading." But was it that easy?

A20

### 2:46 p.m.

No one knows what triggered the rapid bounce. Some traders may have pounced on the chance to buy, thinking the markets had hit a technical glitch.

-995

# Suspect made gradual' shift

## **'RELIGION** AND ANGER'

Radicalization occurred over years, officials say

### BY GREG MILLER AND JERRY MARKON

The suspect in the attempted Times Square bombing appears to have been acting out of anger toward the United States that had accumulated over multiple trips to his native Pakistan, culminating in a lengthy recent stay in which he committed to the bombing plot while undergoing training with elements of the Pakistani Taliban, U.S. officials said Thursday.

U.S. officials said Faisal Shahzad's radicalization was cumulative and largely self-contained meaning that it did not involve typical catalysts such as direct contact with a radical cleric, a visible conversion to militant Islam or a significant setback in life.

Close

10,520

FTSE-100

(Britain)

Down

1.5%

**EURO** 

(with U.S. dollar)

Down

1.5%

S&P 500

(U.S.)

**Down** 

NASDAQ

Down

3.4%

U.S. officials said they are assembling a portrait of Shahzad based in part on the account he has given interrogators - that may help explain why he attracted scant scrutiny during his transition from student and young father in the Connecticut suburbs to the man accused of parking a vehicle packed with explosives in Times Square. Shahzad's transition "was a

gradual thing that started years ago," said a senior U.S. intelligence official with access to interrogation reports from the probe. "It wasn't suddenly, 'I found God, and this is the right path.' There is a combination of religion and anger.'

The official noted that Shahzad had made at least a dozen return trips to Pakistan since arriving in the United States in 1999 and that the CIA's campaign of Predator strikes and Pakistan's recent mili-



### **A complication** in terrorism probe

It is uncertain whether Pakistan would act against Kashmirlinked militants even if they are found to have had a role. A5

### A full-bore effort by Republicans

Days after the arrest of the Times Square bombing suspect, GOP takes a jab at Democrats' "luck" in fighting terrorism. A4

### **Opinions**

modernize Miranda. A27 Eugene Robinson: A first line of defense worth defending. A27

**Charles Krauthammer:** Time to

tary operations are focused on a part of the country very close to where Shahzad grew up.

Officials stressed that investigators are still struggling to come up with a cohesive account of how Shahzad evolved into a would-be terrorist but that they are increasingly convinced that his accounts to interrogators, in particular his assertion that he was trained by the Pakistani Taliban, are on the mark. It is still unclear whether the militant group mainly known for strikes inside Pakistan went beyond training Shahzad to conceiving or carrying out the plot.

"We have nothing that is contradictory to what he is telling us," said a senior Obama administration official, adding that undisclosed new information from Shahzad's interrogation "sheds some light" on his motivation.

SHAHZAD CONTINUED ON A6

## Conservatives hold edge in British vote

But exit polls indicate party might fall short of absolute majority

### BY ANTHONY FAIOLA AND DAN BALZ

LONDON - A revamped Conservative Party was poised to win the most seats in Britain's closely fought elections early Friday but was falling short of the absolute majority needed to form a government and head off the prospect of the most divided Parliament here in a generation.

Exit polls and early results suggested the country would face a potentially messy period of uncertainty over who is to govern it. The Conservatives were projected to win an estimated 305 of the 650 seats in the House of Commons, according to exit polls by a consortium of TV networks. With a third of districts reporting, early results also pointed to a hung Parliament, with the Conservatives picking up some seats but failing to deliver hoped-for gains in others. The incumbent Labor

Party appeared to have suffered its biggest loss of seats since 1931, while the insurgency of the darkhorse party, the Liberal Democrats, had apparently fizzled.

If the trend holds up as tallies continue to roll in Friday, it could end 13 years of rule by a Labor Party deeply wounded by two wars, a brutal economic crisis and the unpopularity of its leader, Prime Minister Gordon Brown. That result could prop up David Cameron, the 43-year-old Conservative Party leader, as head of a minority government vulnerable to collapse in the coming months - a prospect that could complicate his pledges to start slashing the yawning deficit here that rivals the one in Greece.

Officials from the ruling Labor Party did not suggest publicly that they were preparing to give up power. In the absence of a Conservative majority, Brown, as the incumbent prime minister, would have the right to try first to forge a coalition government, not seen here since the 1970s.

To do that, he would need to secure the support of the Liberal

BRITAIN CONTINUED ON A17

## Fire on the water

## Oilmen on rig that exploded in gulf describe fateful night

### BY ELI SASLOW AND DAVID A. FAHRENTHOLD IN BELLE CHASSE, LA.

efore the explosion, the oil spill, the declarations of "environmental crisis" or the emergency visit by President Obama, 126 oil riggers were passing another quiet night on the Gulf of Mexico. The skies were clear and the seas calm on April 20. Boredom and loneliness were the primary concerns.

Matt Hughes lifted weights in the gym before his midnight shift. Kevin Eugene laid down on his queen-size bed and turned on ESPN, thinking television might make him feel closer to land. Other men watched action movies in the theater or played poker in the lounge. They called the Deepwater Horizon their "floatel" because the rig was a world unto itself: an isolated tower on 5,000foot-deep seas, with only scratchy satellite phones and the occasional helicopter to bridge the 50 miles to Louisiana shores.

Wyman Wheeler, a 39-year-old oilman, was busy packing. He was 20 days into a 21-day hitch, scheduled to fly back to Houma, La., by helicopter at 6 a.m. and then drive four hours to his home in Mississippi. Like most of the men, he worked on the rig for 21 days at a time, enduring 12-hour

shifts, seven days a week, so he could spend the next 21 days at home. He called his wife, Rebecca, and spoke to their two young children. "One more night," he said. Then he promised them a vacation to Texas that week.

Wheeler hung up the phone, changed into his coveralls and walked out of his room. He had been working offshore for 16 years, and the last night of a hitch still left him too excited to sleep. He walked down the hall toward the tool room, then stopped. The hall reeked of gasoline. The lights flickered. Popping sounds echoed from overhead. All of a sudden,

EXPLOSION CONTINUED ON A12



Alwin Landry, the captain of the

ship that was supplying the Deepwater Horizon oil rig when it caught fire, assisted with his crew in the rescue efforts.

## INSIDE

### POLITICS Aloha to a seat in Congress?

Infighting in a special-election campaign could cost Democrats a House seat in Hawaii that many think is theirs for the keeping. A2

### « WEEKEND A steamy summer

A look at more than 50 films that will be heating up the big screen in the coming season.



Our hero, and our villain "Iron Man 2" brings us fictional Mr. Stark; "Casino Jack," the unreal Mr. Abramoff. C1

### **BUSINESS** Regulation bill

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clears a hurdle

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### BASEBALL **NATIONALS**

**BRAVES** 

Scott Olsen

takes a no-hitter into the eighth but nearly loses the game. **D1** 

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**OBITUARIES..** 

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