

## Real estate stays strong despite rising interest

BY MICHAEL LIEDTKE  
THE ASSOCIATED PRESS

SAN FRANCISCO — Rising interest rates are supposed to be an economic sedative, but the hyperactive real estate market has retained its vigor even as the prime lending rate has climbed to a nearly four-year high.

One of the biggest reasons for real estate's unusual behavior is that home mortgages are less expensive than they were 14 months ago when the Federal Reserve Board began to push up the short-term cost to borrow money.

That inflation-fighting effort has raised the prime rate from 4 percent in June 2004 to 6.5 percent today, making it more costly to buy cars, appliances and almost anything else on credit.

Meanwhile, home mortgages have remained a relative bargain. The average rate for a 30-year fixed-rate mortgage stood at 6.05 percent through Thurs-

day, down from 6.41 percent during the first week of June 2004, according to HSH Associates, an industry research firm.

Those low financing costs mean home buyers can qualify for larger loans — a major factor why real estate prices have continued their steady ascent in neighborhoods scattered across the country.

The trend troubles Federal Reserve Chairman Alan Greenspan and many other economists who worry cheap mortgage money is contributing to a real estate pricing bubble that could trigger a traumatic recession.

"It's very hard to understand the psychology of any market," said UCLA economics professor Edward Leamer. "But it's fundamentally clear that the housing market is in a fragile and dangerous situation."

The risks of a real estate meltdown aren't the same across the country because

See Real estate, Page B5

## Chinese imports hike trade deficit

3rd-highest level ever recorded

BY MARTIN CRUTSINGER  
THE ASSOCIATED PRESS

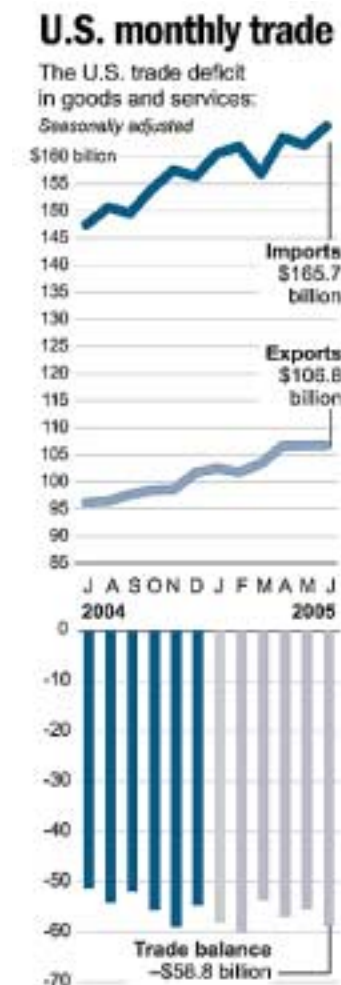
WASHINGTON — The United States imported a record amount of foreign oil in June and shipments of Chinese clothing and textiles soared, too, pushing the nation's monthly trade deficit to the third-highest level in history.

The Commerce Department reported Friday that the June deficit jumped 6.1 percent to \$55.8 billion, compared to a May deficit of \$55.4 billion. The politically sensitive deficit with China also set a record, sent higher by a 39.2 percent surge in Chinese clothing and textile imports.

Analysts said the new report highlighted two of the biggest threats to the economy — soaring energy prices and the dangers that the widening trade gap with China could spawn a protectionist backlash in the U.S.

"The higher global oil prices go, the bigger the check we have to write to foreigners, and that will be a growing weight on economic growth," said Mark Zandi, chief economist at Economy.com.

He said he saw no way the deficit with China will be brought under control unless the Chinese agree to go much further than the tiny revalua-



tion of their currency they have announced last month.

"Without further revaluation, the trade gap with China is

See Deficit, Page B5

## Midwest drought claims corn; soy has potential

BY LIBBY QAUID  
THE ASSOCIATED PRESS

WASHINGTON — Midwest corn has suffered irreversible harm from persistent drought, but soybeans still have a chance at solid yields, the Agriculture Department said Friday.

Corn, soybean and rice production will fall short of last year's record-setting crops, but wheat growers should see slightly better yields than they did last year, the department said in its monthly crop report.

Stretching from southeast Texas to the Great Lakes, the drought has been worst in Illinois and Missouri, although growing conditions have been good in other parts of the Midwest. Farther south, frequent showers eased the drought last month.

Dry conditions settled into

the northern Plains and the Northwest, but crops there benefited from leftover moisture from the rainy spring. In the central High Plains, heat and dryness stressed pastures and summer crops. A late-arriving rainy season in the Southwest nudged the threat of wildfire up toward the Northwest. Eastern parts of the country saw heavy rain from the remnants of Tropical Storm Cindy and Hurricane Dennis.

Soybeans deteriorated in early July, but by the end of the month, the crop had stabilized and was progressing ahead of normal in every soybean-growing state. This year's production is estimated at 2.79 billion bushels, down 11 percent from last year's record highs but up 14 percent above 2004, the department said. Yields should average 38.7 bushels per acre,

See Drought, Page B5

## Worker shortage means opportunities for 'nontraditionals'



BANGOR DAILY NEWS PHOTOS BY DENISE FARWELL

Deb Wilson (center), senior project engineer for Cianbro, is the only woman working on the Bangor Waterfront development project.

## Attention: WOMEN AT WORK

BY SHARON KILEY MACK  
OF THE NEWS STAFF

PITTSFIELD — Five years ago, Elissa Turner, then 35, a petite woman from Benton, was hired as a construction worker. Her background? Helping on her dad's lobster boat, working a factory line in Fairfield, cleaning houses and raising her children.

The increasing need for skilled workers allowed Turner to slide into a nontraditional job, one that pays her far more than factory or clerical work and one that gives her a deep sense of satisfaction. It also provided on-the-job training.

"You can keep your paperwork and your jobs indoors," she said recently. "I'll swing my hammer."

Still dusty from a day at Seabrook Valley Hospital in Pittsfield, building a new surgical wing,

Turner encapsulated what she had learned in her five years as a skilled laborer: carpentry, concrete, metal, demolition and construction. "Today, I was moving 80-pound bags of mortar," she said.

Although construction jobs for women are still considered nontraditional, a huge shortage of construction workers has been predicted in the next four years, swinging the door wide open for eager female workers.

"It is projected that we will need 250,000 trainees in each of the next four years," said Nancy Eaton, president of the National Association of Women in Construction, based in Las Vegas.

Maine currently has 31,000 tradespeople in the construction industry but is still 20 percent understaffed in skilled workers. Nationwide, women now make

up 980,000 of the 10 million workers in the industry. This shortage provides a perfect opportunity for young women to step into an industry that can offer starting pay three times that of a waitress or store clerk's job. "There is great earning potential," said Eaton. "This is a very highly paid industry."

As the baby boom generation rockets toward retirement age, thousands of construction jobs are opening up. Once relegated to flagging traffic, more and more women are now pouring concrete, laying steel, driving snowplows and oil delivery trucks, operating cranes and framing houses.

### On the job

Deb Wilson, 50, is Cianbro Corp.'s project engineer on Bangor's waterfront renovation. "I

See Women, Page B5

Wilson works a transit at the Bangor Waterfront recently.



## Farmington couple buys Lucerne Inn

BY CARROLL ASTBURY  
OF THE NEWS STAFF

A couple from Farmington has purchased The Lucerne Inn for an undisclosed sum.

Steve and Rhonda Jones of Farmington bought the historic property from Bion Foster of Hampden. Steve Jones has operated convenience stores and a catering business in the Farmington area, and Rhonda Jones has worked at the University of Maine at Farmington. They plan to move to the Bangor area. "Bion will be a tough act to follow," Jones said Friday. Jones said they would take everything Foster and his wife, Dorain, have done and try to expand on it. "They have an excellent staff on hand," he said. Depending on the season, the inn has 40 to 65 employees.

According to Foster, the inn has 26 rooms, and an addition has five guest rooms. The banquet and conference center, built in 1999, has been a very popular spot, serving as the host site for about 100 weddings a year. The inn has long been a popular place to dine.

Foster said he and Dorain were selling to free up time for their other ventures, which are numerous. Foster has been active in the Greater Bangor Chamber of Commerce and the town government in Hampden. They also operate laundromats, real estate development compa-

See Inn, Page B5

## 'Efficient' CEO to head Chrysler

LaSorda helped to increase productivity in time with company

BY DEE-ANN DURBIN  
THE ASSOCIATED PRESS

DETROIT — When Chrysler Group's incoming Chief Executive Tom LaSorda visits an auto plant, he wonders if a machine should be moved three feet to the left to save steps. He clocks how much time workers spend in front of vehicles and how many seconds they lose moving between stations. He takes unannounced detours across the plant floor.

"With every second, you've lost productivity. If you take a cycle time of 60 seconds and someone is walking for six seconds, that's 10 percent lost productivity," LaSorda said in an interview with The Associated Press. "That's kind of how my mind works."

LaSorda, 51, will take over the top job at Chrysler on Jan. 1, nearly six years after he joined the company and began his dogged effort to improve productivity. LaSorda, currently Chrysler's chief operating officer, will replace president and CEO Dieter Zetsche, who is returning to Germany to head up DaimlerChrysler AG.

LaSorda came to Chrysler after 23 years at General Motors Corp., where he started out in labor relations but eventually became one of the company's top experts in efficient manufacturing.

In 2004, GM had the most efficient North American plants of the Big Three, according to the closely watched Harbour Report, which measures the hours it takes to produce vehi-

cles and parts. At Chrysler, manufacturing productivity has increased nearly 20 percent since LaSorda arrived.

LaSorda learned Japanese automakers' lean manufacturing techniques in the late 1980s, when he helped set up CAMI Automotive Inc., a Canadian joint venture between GM and Suzuki Motor Corp. LaSorda, an Ontario native, schooled himself in the techniques by spending three- and four-month stretches in Japan and working the line at CAMI.

GM rewarded LaSorda by sending him to Eisenach, Germany, where the company wanted to transform an old East German plant into a model of efficiency. LaSorda trained the workers and left a lasting mark.

See Chrysler, Page B5

## Chip-pricing suit could pay off for Mainers

BY JUDY HARRISON  
OF THE NEWS STAFF

BANGOR — A Bangor attorney has filed the first class-action lawsuit in the state seeking reimbursement for residents who may have purchased computers and other electronic devices during the time manufacturers of computer chips have admitted fixing prices.

Several of the 14 companies named in the lawsuit, filed Wednesday in U.S. District Court in Bangor, agreed to pay hundreds of millions of dollars in fines after a Department of Justice investigation into the price-fixing scheme was launched in June 2002.

Micron, ranked No. 1 in the semiconductor

industry for the past three years, last year signed an amnesty agreement with the Justice Department. Micron's competitors Infineon Technologies of Germany and Hynix Semiconductor Inc. of South Korea agreed to pay fines of \$160 million and \$185 million respectively.

In addition to those firms, Samsung Electronics Co. of South Korea, NEC Electronics America Inc. of California and others are named in the class-action lawsuit filed in Bangor.

All 14 firms manufacture dynamic random access memory or DRAM (pronounced dee-ram), which is used in products from desktop computers to MP3 players to digital cameras. Last year, nearly \$8 billion worth of DRAM was sold in the

See Suit, Page B5