

The Washington Post

BUSINESS

WEDNESDAY, SEPTEMBER 14, 2005

D

Stocks

K M2

MARKETS

DOW 10,597.44
DOWN 85.50, 0.8%

NASDAQ 2171.75
DOWN 11.08, 0.5%

S&P 500 1231.20
DOWN 9.36, 0.8%

**POST-BLOOMBERG
REGIONAL** 277.18
DOWN 2.54, 0.9%

10-YEAR TREASURY
UP \$3.13 PER \$1,000
4.13% YIELD

Details, D3

CURRENCIES

110.70 YEN=\$1
EURO=\$1.2267

Also Today

NATIONAL

Medical Data on Katrina Evacuees Shared Online

Prescription drug providers have provided records, which could presage a national system that could be helpful — and controversial. A24

Northwest Skips Debt Payments, Conserving Cash

The airline's board is to meet today, but management says no decision on bankruptcy has been made. D2

Frustrated by Gasoline Prices? Send an E-Mail

Messages urging boycotts achieve little, but that doesn't dampen consumers' enthusiasm for them. D2

Auditors Descend on Gulf to Monitor Disaster Spending

Thirty investigators are to make sure federal money is well spent. Monitoring of government credit cards is to increase as well. D3

Katrina's economic toll: Retail sales, other data. D3

LOCAL

Independence Air's Man At Dulles Jumps to AirTran

The departure of the hub chief follows predictions of a bankruptcy filing by parent Flyi Inc., which said it would suspend Dulles-L.A. service because of fuel costs. D4

A 'bare-bones' family budget in Fairfax: \$67,849. Metro

Interest in telecommuting on the rise — finally. Metro

WASHTECH

Google's New China Head May Start Work, Judge Says

But the court restricts his activities, finding that computer scientist Kai-Fu Lee began working for the search company while still on a Microsoft sabbatical. D5

Paris Hilton's Cell Phone Hacker Pleads Guilty

After 11 months' juvenile detention, the unnamed 17-year-old will be barred from using a computer or accessing the Internet for two years. D5

INTERNATIONAL

Group Sues Wal-Mart Over Foreign Workers' Rights

The suit, on behalf of 15 foreign workers, is the latest class action against the giant retailer. D6

Stories from

THE WALL STREET JOURNAL

Chinese Petrol Companies Buy Interests in Ecuador

In buying the oil and pipeline interests from Canadian energy company EnCana, the Andes Petroleum Co. will get proven reserves of 143 million barrels. D6

Index

DILBERTD2
WORKINGD2
MARKET REPORTD3
GLOBAL MARKETSD6
NYSED7
NASDAQD8
MUTUAL FUNDSD10
DIVIDENDSD11
FUTURESD12

HURRICANE KATRINA: THE AFTERMATH

Port Comes Back Early, Surprisingly Shipping Resumes On a Small Scale

By KEITH L. ALEXANDER and NEIL IRWIN
Washington Post Staff Writers

NEW ORLEANS, Sept. 13 — The Port of New Orleans began unloading its first cargo ship since Hurricane Katrina on Tuesday night, months sooner than was predicted, a sign that disruption to the nation's shipping capacity may be less severe than originally forecast.

After the storm, port officials figured it would take six months to resume service in New Orleans and at facilities throughout the Gulf Coast. Importers scurried to reroute coffee, steel and other commodities, and Midwest farmers worried that they wouldn't be able to ship their grain to the rest of the world during the harvest. The disruption threatened the supply of goods across the United States, and some forecasters said it would cause a drag on the economy.

But Tuesday, the port was coming back to life, with electrical power restored to parts of the facility by late afternoon. About 8:30 p.m., the Lykes Flyer container ship pulled into the port, and towering cranes began lifting boxcar-size containers of plywood and

See PORT, D3, Col. 1

At D.C. Armory, Employers Offer Jobs to Evacuees

By AMY JOYCE and THEOLA S. LABBE
Washington Post Staff Writers

Employers in the area, eager to help hurricane evacuees, have been setting up at job fairs, creating job Web sites, and helping evacuees staying at the D.C. Armory write résumés and apply for the area's open positions.

Yesterday, 75 New Orleans storm survivors took part in a job fair at the armory, where 42 employers, including Home Depot, Au Bon Pain and Black Hawk Security, interviewed them. Twenty people were hired on the spot, according to Diana Johnson, spokeswoman for the city's Department of Employment Services, which sponsored the job fair.

"All these people up here want to help, and they don't know what to do," said Terrance Caugh, owner of 321 Ashland Bistro and Wine Bar in Ashburn. He listed his restaurant and contact information on a Web site designed to hook evacuees up with restaurant jobs.

The D.C. Armory has been a magnet for local employers who think they have jobs for

See EMPLOYERS, D4, Col. 3



Outside the D.C. Armory, a job fair for evacuees of Katrina is advertised. Twenty people were hired yesterday at the fair.



Kerry Stander says despite the difficulties of getting to know new surroundings in the Washington area, especially roads, "I feel as if there has been an angel at our side this whole time."



Darren Stander says that relocating to Montgomery County was "an opportunity I couldn't pass up." He and his family are to move into a furnished townhouse in Rockville, rent-free for now.



Brandi Stander, 14, is trying to adjust to a new school. She is enrolled in eighth grade at Julius West Middle School, where she says the children seem much smaller.

Lending a Hand Closer to Home

Family Resettles in Md. With Help of Rockville Firm

By ANNYS SHIN
Washington Post Staff Writer

Nancy Becker and her colleagues at UCG, a Rockville newsletter publisher, wanted to do something to help survivors of Hurricane Katrina, but didn't want to just write a check.

At first, they wanted to donate supplies for families staying at the D.C. Armory. District officials said they had enough. They wanted to help a family staying at the armory, but couldn't get inside to make the offer.

So they went farther afield. Working through Cherish the Children, a charity

helping hurricane evacuees in the Houston area, UCG offered the Stander family — Darren and Kerry and teenage daughters Amie and Brandi — a chance to make a clean break.

Late of St. Bernard Parish, more recently residents of a Houston church shelter, the Standers are scheduled today to move into a furnished townhouse in Rockville, rent-free for now, courtesy of UCG and the property's owner.

They haven't offered them jobs, but they have drawn a tight circle of corporate support around a family that is already express-

See UCG, D4, Col. 1

STEVEN PEARLSTEIN

Boats Rose in New Orleans, but Not for the Poor

Put your hands together, folks, for Barbara Bush! Her sentiment may have been reprehensible, her choice of words unfortunate, but our Queen Mother has managed to blurt out the unpleasant truth about the harsh realities of life in the American underclass.

In New Orleans, these were people living check-to-check in crummy, racially segregated neighborhoods, with no car or access to transportation, suffering all manner of

physical infirmities, lacking the information and connections and life experiences that might have landed them somewhere other than the hellish Superdome. And among them were a handful of young men so soaked in social pathology that their response to suffering around them was to rape and pillage and shoot at those who came to rescue.

So powerful were these stories and these images that even the Republican leadership in Congress understood it would have been

unseemly to push ahead with tax cuts that would benefit the rich.

In their hearts of hearts, of course, Republicans draw no connection between tax cuts and income inequality. For if you are secure in your knowledge that a rising tide raises all boats and that every American has the opportunity to grow up to be an owner of the Texas Rangers, you know that

See PEARLSTEIN, D6, Col. 1

Minorities Often Pay More for Mortgages

Lenders Required To Give Fed Data On Subprime Loans

By SANDRA FLEISHMAN
Washington Post Staff Writer

Blacks and Hispanics are getting a disproportionate share of high-cost mortgages compared with whites, according to new federal figures released yesterday.

The analysis of 2004 home-lending data shows that even after adjusting for factors such as income level, loan size and property location that could raise the interest rate offered on a mortgage, blacks are still nearly twice as likely as whites to be given a high-cost loan.

Researchers at the Federal Reserve, who analyzed data that lenders nationwide were required to submit to regulators, said that despite the disparities, the availability of high-cost, risk-based mortgage loans broadens the availability of home financing.

The authors of the Fed report said such lending has "greatly expanded the availability of home loans to borrowers who, because of weaknesses in their credit profiles, had previously been unable to qualify."

This is the first year that lenders have been required to report data on high-priced loans to regulators

See LENDING, D12, Col. 1

Gas Prices Help Drive Down SUV Resale Value

By SARA KEHAULANI GOO and DAN MORSE
Washington Post Staff Writers

Terry and Sherri Ward bought a brand-new Chevrolet Tahoe for \$32,000 last year. It is jet black, 6 feet tall and 16 feet long with leather seats and power everything. Great for hauling the kids. Great for Sherri Ward's job as a real estate agent.

"You can sum it up in a word," she says of pulling up in a Tahoe. "Image."

That image is starting to lose some of its sheen thanks to rising gas prices. On a recent stop at the pump, Terry Ward got some sympathy. "I know it hurts," a fellow motorist told him. The Wards are trying to sell their Tahoe, hoping to buy something more fuel efficient, perhaps a Chrysler Pacifica, a vehicle that's a cross between a sport-utility vehicle and a station wagon.

With gas prices in the Washington area higher than most places in the country, many drivers of the least fuel-efficient cars are especially feeling the pain and are looking to downsize to a vehicle that gets more than 15 miles to the gallon.

See SUV, D2, Col. 4

SUV Slump?

The trade-in values of many of the biggest and most expensive SUVs are dropping.

Model	Trade-in value, Sept. '05	Percentage decrease from Jan.
Cadillac Escalade	\$39,700	-4.6%
Hummer H2	39,000	-6.5%
GMC Yukon	25,700	-6.9%
Ford Expedition	22,200	-9.8%

SOURCE: Kelley Blue Book

THE WASHINGTON POST

International

Featuring stories from THE WALL STREET JOURNAL

Suit Targets Wal-Mart's Overseas Operations

By MICHAEL BARBARO
Washington Post Staff Writer

An American labor rights group filed a class-action lawsuit yesterday against Wal-Mart Stores Inc., alleging that suppliers in five countries violated workers' rights, including denying a minimum wage, requiring overtime and punishing union activity.

The suit, filed in California Superior Court in Los Angeles, accuses Wal-Mart of failing to enforce its standards for suppliers and, in some cases, observe local labor laws in China, Bangladesh, Swaziland, Nicaragua and Indonesia.

The International Labor Rights Fund, a District-based advocacy group, filed the suit on behalf of 15 foreign workers who claimed they were subjected to illegal working conditions, and four California grocery employees who claimed that Wal-Mart's cost-cutting measures resulted in lower wages and benefits.

The suit, which must be certified by a judge before achieving class-action status, is the latest legal salvo against the discount retailer, which faces class-action suits claiming that it discriminated against black truck drivers and female store employees. If certified, the suit could represent 200,000 to 400,000 people, said lawyer Terry Collingsworth of the International Labor Rights Fund.

Beth Keck, a spokeswoman for Wal-Mart's international division, called the case "complex" and said "it's too early for us to talk about this in detail."



Terry Collingsworth, a lawyer from the International Labor Rights Fund.

Collingsworth said the suit would test whether corporate codes of conduct, which retailers such as Wal-Mart require their foreign suppliers to sign, "are simply public relations devices or whether they mean what they say."

The suit could take years to move through the courts, but in the meantime, the case is expected to add to the growing debate about Wal-Mart's business model, which has shifted the manufacturing of products including clothing and toys to foreign countries to cut labor costs. Wal-Mart is based in Bentonville, Ark.

According to one assertion in the suit, a woman at a Wal-Mart clothing manufacturer in Bangladesh worked seven days a week, from 7:45 a.m. to 10 p.m., making chalk marks on pants and did not have a day off for six months.

The four California plaintiffs are employees of unionized grocery chains, such as Ralphs and Safeway Inc., that have cut wages and benefits to better compete with Wal-Mart. All four are members of the United Food and Commercial Workers Union, which is trying to organize Wal-Mart's 1.2 million U.S. employees.

Chinese Petroleum Companies Buy Interests in Ecuador

By BEN DUMMETT
Dow Jones Newswires

A joint venture of Chinese petroleum companies has agreed to buy EnCana Corp.'s oil and pipeline assets in Ecuador for \$1.42 billion, as China continues to seek energy reserves world-wide.

EnCana, a big Canadian oil-and-natural gas producer, said it agreed to sell the unit to a joint venture called Andes Petroleum Co. A person familiar with the matter said state-owned China National Petroleum Corp. is among the companies in Andes Petroleum. It wasn't clear which other companies might be involved. China National Petroleum couldn't be reached for comment.

By buying EnCana's assets in Ecuador, Andes Petroleum is acquiring daily oil production of 75,000 barrels and proven reserves of 143 million barrels. The price amounts to \$9.96 a barrel of oil equivalent of proven reserves.

Andes is also purchasing EnCana's 36 percent interest in a 310-mile Ecuadorean pipeline, which has the capacity to handle 450,000 barrels of oil a day.

India had also been interested in the assets, as it and China seek supplies to feed

rapidly expanding economies and satisfy their growing thirst for oil and natural gas. Last month, China National Petroleum agreed to acquire PetroKazakhstan Inc., a Canadian company with energy assets in Kazakhstan, for \$4.18 billion, beating out ONGC Videsh Ltd., the overseas-exploration unit of India's state-run Oil & Natural Gas Corp.

In April, Cnooc Ltd., the publicly traded arm of state-owned China National Offshore Oil Corp., purchased a 17 percent stake in closely held MEG Energy Corp., a Calgary, Alberta, energy company with a project involving Canada's oil sands, a technically challenging but potentially lucrative oil source. The following month, China Petroleum & Chemical Corp., or Sinopec, agreed to take a minority stake in another oil-sands project in Alberta.

For EnCana, the asset sale is part of a plan to sell more than \$10 billion in non-core assets while focusing on its reserves in North America. It entered Ecuador in 1999. EnCana said it plans to use the proceeds to buy back stock and reduce debt.

The sale of the Ecuadorean assets is expected to close before year's end, subject to approval by Ecuador.

INTERNATIONAL BRIEFING

TRADE

E.U. Puts Tariffs on Chinese Polyester

The European Union will impose five-year tariffs of up to 56.2 percent on polyester fabrics from China, seeking more protection against a surge in imports of Chinese textiles and clothes after the end of decades-old quotas. The E.U.'s decision follows provisional anti-dumping duties introduced in March.

EUROPE

Nations Can Sue Polluters, Court Rules

European governments can bring criminal prosecutions against any company that violates European Union environmental laws, the E.U.'s high court ruled.

The E.U.'s executive commission sued all E.U. governments in 2001 for not including a reference to criminal prosecution of industrial violators in an anti-pollution bill.

Compiled from staff and news service reports.

GLOBAL MARKETS

Yesterday's closes on major stock exchanges around the world

COUNTRY	INDEX	CLOSE	CHANGE
United States	S&P 500	1231.20	-0.75%
Canada	S&P/TSX Composite	10,825.20	-0.55%
Brazil	Sao Paulo Bovespa	28,873.30	-0.73%
Mexico	Bolsa	15,087.29	-0.68%
Argentina	Merval	1589.31	+0.12%
Britain	FTSE 100	5338.00	-0.69%
France	CAC 40	4453.41	-0.86%
Germany	DAX Index	4901.88	-1.77%
Japan*	Nikkei 225	12,864.30	-0.29%
Hong Kong*	Hang Seng	15,037.99	-0.22%
South Korea*	Composite	1160.39	+0.20%
Singapore*	Straits Times	2314.24	+0.17%

*Japan and Korea reflect afternoon trading today. Hong Kong and Singapore reflect morning trading today.

Business

STEVEN PEARLSTEIN

Perhaps Unknowingly, Barbara Bush Sheds Light on Difficulties in Escaping Poverty

PEARLSTEIN, From D1

growth-enhancing tax cuts will be good for all Americans.

Only one problem: It's not true.

For reasons that are not exactly clear, the boats no longer are all rising like they used to. Despite four years of economic growth, driven by impressive productivity gains, the average worker is no better off than he was in 1997.

Late last month, the government reported that inflation-adjusted income for the median household fell for the fifth year running. During the same five-year period of recession and recovery, the number and percentage of households in poverty has also risen.

So where have the benefits from economic growth gone?

Some have gone to the top 20 percent of households in the form of higher salaries and bonuses. This is the only class that has seen its income rise.

The rest of the benefits have gone to those who own stocks, bonds and real estate — for the most part, the same 20 percent. Normally, the share of national income going to holders of capital declines during the later stages of an expansion. But four years into the recovery, capital's share of national income is still rising, and at 17.7 percent remains near the top of its historical range.

It wasn't always this way. The period from World War II to the mid-1970s was characterized by rising income equality. But the steady reversal since then suggests that the forces that are combining

to make labor, product and capital markets more efficient are also making incomes less equal. They are part and parcel of the same structural changes.

It is unclear whether we as a society find that morally unacceptable. If we do, we will have to accept slower economic growth and more aggressive redistribution of income through government tax and benefit and regulatory systems. There is no realistic high-growth, low-inequality solution.

The other thing to remember is that, over time, inequality breeds more inequality. New research shows rags to riches may be more myth than reality in America. In a book titled "Unequal Chances," the liberal-minded Russell Sage Foundation has gathered a dozen scholarly essays that lay out a strong correlation between the income of parents and their children.

The mechanisms are both genetic and environmental. The genetic influences include not only IQ,

which turns out to be relatively insignificant, but inherited traits like stature, looks, health and an optimistic outlook. And among the cultural and environmental factors, monetary inheritance turns out to be less significant than educational quality, connections, social graces, marrying well, work ethic and an appetite for risk.

Importantly, the lack of intergenerational mobility is strongest at the bottom and top.

A child born in the top 10 percent of households, as measured by income, has a 30 percent chance of ending up there — and a 43 percent chance of attaining the top 20 percent. His probability of ending up in the lowest 20 percent is only 3.5 percent.

By contrast, a child in the poorest 10 percent of households has only a 1.3 percent chance of getting to the top decile, and a mere 4.3 percent chance of attaining the 20 percent. There's about an even chance he'll wind up in the bottom 20 percent, which is effectively in poverty. If

he's black, the odds are even higher.

It's unlikely Barbara Bush was aware of any these sobering statistics before her visit with the "underprivileged" at the Houston

Astrodome. But in her ham-handed way, she has shined some needed light on the depth of poverty in urban America and the difficulty of escaping it.

Steven Pearlstein will host a web discussion today at 11 a.m. at washingtonpost.com. He can be reached at pearlsteins@washpost.com.

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