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# Business Briefs

## *Hedge Funds*

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### Japan Convicts Locusts, In Drive vs. Speculators

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Japanese courts have jailed the two leading Japanese advocates of “shareholder activism,” the hedge fund practice of buying shares of a company, and using money and influence to steal the company blind. Yoshiaki Murakami was convicted and sentenced to two years in prison (harsh by Japanese standards), and fined. Murakami’s MAC Asset Management was convicted of conniving with the other famous Japanese locust, Takafumi Horie’s Livedor (Horie was sentenced to two-and-a-half years earlier this year), in an illegal effort to take over Nippon Broadcasting.

The harsh sentences “reflect a crack-down in Japan on the more free-wheeling, Western style of capitalism pioneered by brash financiers such as Murakami,” notes AFP. *Japan Times* reports that these cases are also aimed at the foreign hedge funds that have invaded Japan, such as Warren Lichtenstein’s Steel Partners, which has been facing a revolt by traditional Japanese business leaders trying to stop the extraction of value from their companies, and to stop further takeovers. When Steel Partners brought suit, demanding it be allowed to loot at will on the “free market,” the courts defended the measures used by Japanese businesses to defend themselves and to stop the locusts.

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## *BAE Scandal*

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### Destroying the Evidence: Brit PM Shuts Down DESO

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British Prime Minister Gordon Brown has been caught in the BAE “Scandal of the Century” cover-up, ordering the closure of the Defense Export Services Organization (DESO), trying to bury the evidence concerning the government agency’s involvement in the 20-year, multi-billion dollar “Al-Yamamah” arms deal. The decision came after three MPs on the House of Commons’

Public Accounts Committee had written to the National Audit Office to investigate the role of DESO, and after the Serious Fraud Office investigation of BAE was shut down by outgoing PM Tony Blair, as an earlier part of the same cover-up operation!

A Public Accounts Committee representative told *EIR* that Liberal Democrat John Pugh, a member of the same committee, recently wrote to the National Audit Office, requesting that it investigate the DESO. The head of the office, Sir John Bourn, a Ministry of Defense official in the 1980s when the BAE-al-Yamamah deal was negotiated, refused to allow Ministry of Defense police and the Serious Fraud Office to review a report the audit office wrote more than 14 years ago on the al-Yamamah deal.

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## *Nuclear*

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### Joint Venture To Build First New U.S. Plants?

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A joint venture has been announced between Constellation Energy Group of Maryland, the largest power marketer in the United States, and Électricité de France SA, the world’s largest nuclear reactor operator, for pursuing nuclear power plant construction in the United States and Canada. Any new nuclear plant in the United States will be the first in more than 30 years. In the new venture, each firm will own half of a holding company called UniStar Nuclear Energy LLC. In a statement by the companies released July 20, EDF said it may buy up to 9.9% of Baltimore-based Constellation, to have a toe-hold in North America.

EDF operates 58 reactors in France, and plans to build nuclear reactors in Britain. Baltimore-based Constellation has three sites for nuclear reactors at its existing plants in New York and Maryland. UniStar’s new plants would be built by France’s Areva SA, the world’s largest maker of nuclear power stations. The design is the U.S. Evolutionary Power Reactor, a 1,600-MW pressurized water reactor design developed by Areva, in conjunction with Constellation.

So far, there is no final decision to build any reactors. In the statement, Mayo Shat-

tuck, CEO of Constellation said, “Many milestones lie ahead, since we’ve yet to make a commitment to build.” The regulatory morass is the most-cited obstacle.

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## *FAO Report*

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### Soaring Biofuel Demand Drives Up Food Prices

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Reports by the Food and Agriculture Organization of the United Nations (FAO) and the Organization for Economic Co-operation and Development (OECD) corroborate what other evidence has already shown: An increased demand for biofuels is causing fundamental changes to agricultural markets, and raising world prices for many farm products.

The report, “OECD-FAO Agricultural Outlook 2007-2016,” includes explicit assumptions about biofuel production for the first time. Why now? The actual world prices for cereals, dairy products, and oilseeds rose much faster than expected in 2006. The main driver was the rapidly increasing biofuel industry, along with reduced global stocks and production of agricultural products.

The report emphasizes, that the growing use of cereals, sugars, oilseeds, and vegetable oils to produce fossil fuel substitutes, such as ethanol and biodiesel, is bolstering the crop prices, leading to higher animal feed costs, which in turn are causing higher prices for livestock products and dairy products.

Although some of the higher prices for agricultural products in the world market are due to factors of a temporary nature, such as drought or other “natural” causes, the report estimates, that due to structural changes such as increased feedstock demand for biofuel production, combined with the reduction of surpluses of farm products as a result of political decisions, that prices for agricultural products will remain high for the next decade.

Although couched in “official” language in the report, it states clearly, that the biofuel insanity is leading to food shortages and starvation for the poor.