

Max Keiser, founder of investment activism website KarmabanQue, provides his monthly guide to consumer boycotts



REASONS TO BOYCOTT COKE

To look after you health

- One can of Coke contains the entire daily recommended amount of calories from sugar (10 teaspoons worth).
- In India, tests showed that the level of toxins in Coke sold in India were 30 times above the legal level.

To help the poor

- Farmers in the Indian state of Kerala were given 'fertiliser' from Coca-Cola factories, which turned out to contain neurotoxins and carcinogens. The same factories extracted up to 650,000 litres of local water for their syrup production. Following three years of total crop failure farmers are still protesting the theft of their water supply.

To uphold human rights

- Coca-Cola's main Latin American bottler is on trial for allegedly hiring paramilitary squads to kill, kidnap and torture its workers. Eight union leaders have been assassinated at the company's plants in Colombia, and hundreds of workers have left unions following incessant threats.

To protect children

- Coca-Cola is currently making deals to put its logos on baby bottles. One study found that parents are four times more likely to feed their children soft drinks when they use such bottles.
- A study in Rio de Janeiro identified over-consumption of Coca-Cola drinks (over food) as a cause of malnutrition and vitamin deficiency in children aged six-14.

To stand up for Africa

- Africa's Coca-Cola factories are the largest private employers on the continent (employing around 100,000 workers). Although Aids is rife, in 2000 Coca-Cola provided relevant education and treatment for just 1,500 (1.5 per cent) of its employees. Public protests forced the corporation to extend the cover in 2003

To oppose racism

- In 2000 Coca-Cola was forced to pay \$190m to black workers after it was found guilty of racial discrimination in its Atlanta factories.

To reduce your chances of developing diabetes

- A study conducted by the Harvard School of Public Health on 90,000 women showed that those who drank one or more sugary drinks a day had an 83 percent greater chance of developing type 2 diabetes than those who drank less than one a month.

KarmabanQue

Activists taking control of the stock market using Smart Boycotts

IT'S TIME TO TAKE DOWN COCA-COLA

Coca-Cola currently trades at \$41. Over the next 12 months KarmabanQue estimates Coca-Cola's stock will fall to \$22.

Why Coca-Cola?

For the reasons given in the column to the left, but MOST importantly because the time is right.

Why is the time right?

Coke is currently trading at \$41 a share, has sales of \$20 billion and a market capitalisation of \$100 billion. Which means for every one of us who doesn't drink a 50p can of Coke, the company's shareholders will lose £2.50. This makes Coca-Cola VERY vulnerable to a boycott.

So what do we do?

First, stop drinking Coke. Secondly, register your Coca-Cola boycott at www.karmabanque.com, and get as many of your friends and family to sign up to the boycott as you can.

And what will KarmabanQue do?

Help us make money out of your registered boycotts for the victims of Coca-Cola, and to fund further campaigns against Coke.

What do you mean 'make money' from the boycott?

For every 50 pence a boycotter doesn't spend on Coca-Cola, £2.50 will be knocked off Coca-Cola's market capitalisation. The effect of this will be reflected in a fall in Coca-Cola's share price, and by selling short Coca-Cola shares in the market, the KarmabanQue fund will profit as the stock drops.

How much money is made will depend on three things:

- 1 The number of people who stop drinking Coke;
- 2 How much the Coke share price falls;
- 3 The amount of money Karmabanque can raise to sell short Coke. Karmabanque has started the fund with £50,000. If you want to make a donation to the fund email info@karmabanque.com

How much money could this Coke boycott make?

With Coke trading at \$41, if it falls 10%, a £500,000 fund will make approximately £50,000. Less 2% standard handling fees, this means £49,000 going to support the campaigns and victims of Coca-Cola. And to think ... all you had to do is not spend money on Coca-Cola. That's why we call them Smart Boycotts.

What assurances can you give me that my boycott effort will make money for those that deserve it and not the financial fat cats?

The Ecologist magazine will be auditing the whole process and ensuring the money made by KarmabanQue from the fall in Coke's share price is sent to those campaigning against Coke and those who are victims of Coke's greed and power.

How long will the Coke Boycott last?

The boycott needs to be sustained until Coca-Cola's share price fully reflects the damage done by the corporation.

Investors should be cautious about any and all stock recommendations and should consider the source of any advice on stock selection. Various factors, including personal or corporate ownership, may influence or factor into an expert's stock analysis or opinion.

All investors are advised to conduct their own independent research into individual stocks before making a purchase decision. In addition, investors are advised that past stock performance is no guarantee of future price appreciation.

MEANWHILE IN THE REST OF THE BOYCOTT WORLD...

BOYCOTT Microsoft?

KbQ advises: WAIT ...Not enough technologists are willing to get political.

I'd love to boycott Microsoft right now, but that would be a waste of boycott dollars – even with the company laughing at the UK government as the latter tries to extricate itself from this convicted predatory monopolist's grip. After crunching the numbers, the UK's Office of Government Commerce has figured out that Linux (a free alternative to Microsoft) is cheaper, more reliable and more secure. (read, 'less exposed to terrorist threat'). But the wily Caligula-capitalists at Microsoft have 'embedded' themselves in the UK's £12 billion public sector IT infrastructure in such a way that getting rid of Bill's barbaric code would be very costly. Make sure you have plenty of Vaseline on hand to ease the pain when your market gets penetrated like this.

BOYCOTT Citigroup?

KbQ advises: WAIT ...Grass roots activism rooted in financial concepts has yet to achieve critical mass.

One of the highest ranked evil-doing banks we track. South Korea's Financial Supervisory Service is beginning an investigation into Citigroup linked to money laundering. Japan threw its private banking operation out of the country for alleged improprieties last month. And two months ago the bank was caught rigging European bond markets. Citigroup's response to all this? It just announced it has acquired South Korea's KorAm Bank: it's the first time a foreign bank has bought a local lender in Korea. Greasing the rails of this acquisition was notorious defence contractor the Carlyle Group, which sold Citigroup its 36.7 per cent stake in the bank (presumably to free up cash for building more Abu Ghraib-style jails in Iraq, Detroit, and Chicago).

BOYCOTT DreamWorks Animation?

KbQ advises: WAIT ...Theory of copyright as environmental issue hasn't yet hurt enough people to overcome 'feel good' factor of talking fish.

This is not an obvious one, but, as the poster for *American Beauty* says, look closer. DreamWorks has just had an IPO on Wall Street and has only recently started trading, but it's not too early to point out how 'bad' it is. Recognise that Hollywood is as nasty as Monsanto when it comes to perpetuating monocultures and monopolies, and is expert at creating entertainment monoliths that are destroying intellectual and creative diversity. For instance, Dreamworks' multimillion dollar blockbuster series *Shrek* will jam our media frequencies and landfills with monotonous multiple sequels and plastic merchandise for years to come. (*Shrek 2* cost \$800m) This is all made possible by an industry built on a copyright monopoly that continually lobbies Washington to pass ever more restrictive copyright laws. Laws which deny basic freedoms such as free speech and the right to innovate: to whit the recent 'Sonny Bono law' which has extended copyright protection into virtual perpetuity.

BOYCOTT ExxonMobil?

KbQ advises: DROP ...None of the big oil stocks are good boycott targets at current prices.

This is the most pointless boycott we track. Sure, the company is thinking about changing its logo to 'amortising dead Iraqi babies every day for you', but activists are wasting their time with this boycott. It takes five times as many boycotters to remove \$1 of Exxon's market capitalisation as it does to remove \$1 from Coke's. It's tough, but we'll just have to sit by, wait and watch as hookers, drug dealers, taxi drivers and, of course, bankers in the tiny country of Sao Tome (population: 150,000) experience a serious windfall. Turns out an estimated 6 to 10 billion barrels of oil have been found on the Portuguese colony in west Africa's Gulf of Guinea, and suddenly ExxonMobil, US marines and airstrip building contractors are descending like locusts. The stage for this American/Exxon rape was set when the World Bank loaned this tiny tropical island (with only 50 cars) \$300m, and the IMF worked out a deal that gives the islanders back 8 per cent on oil revenues, but only after all the loans have been paid off (ie, they get nothing). Yes, it's good ol' American know-how. And Americans wonder, 'Why do they hate us?'

MOVERS & SHAKERS IN THE TOP 40 AT 1900 Hrs 15.11.04

CURRENT RANKING	BVR
1 Microsoft	9.91
2 Ryanair	9.46
3 Starbucks	6.68
4 Pfizer	6.08
5 HSBC Holdings	5.48
6 Johnson & Johnson	5.09
7 Gillette	4.74
8 Coca-Cola	4.57
9 UST Inc	4.17
10 Harley-Davidson	4.14
11 Citigroup	4.07
12 GlaxoSmithKline	3.96
13 PepsiCo	3.42
14 Procter & Gamble	3.35
15 DENTSPLY	3.17
16 Anheuser-Busch	3.01
17 American Express	2.99
18 Abercrombie & Fitch	2.91
19 Clorox	2.91
20 Hershey	2.83
21 Tiffany & Co	2.79
22 Colgate-Palmolive	2.66
23 Monsanto	2.56
24 McDonald's	2.50
25 ClearChannel	2.44
26 Disney	2.18
27 Nike	2.17
28 Diebold	2.09
29 Cadbury Schweppes	2.02
30 Kellogg	1.95
31 DuPont	1.84
32 Merrill Lynch	1.81
33 Kraft	1.76
34 Tricon: TacoBell-KFC-PizzaHut	1.74
35 Dow Chemical	1.72
36 Krispy Kreme	1.70
37 Harrah's	1.64
38 Exxon Mobil	1.62
39 Caterpillar	1.55
40 GAP	1.53

The Boycott Vulnerability Ratio (BVR): the company's market capitalization (its total amount of shares multiplied by the current price of each of those shares) is divided by annual sales (over the past twelve months). This number can then be used to determine exactly how much damage a \$1 dollar boycott would do to a company's share price. Put simply, if I subtract a dollar of sales from Coke, (with a BVR of 5) that boycott cuts into the value of its stock five times harder than if I were to subtract a dollar of sales from Exxon (with a BVR of 1).

OTHER NEWS IN BRIEF

Corporate takeover of NGOs continues

Nestlé is building on the trend of corporations silencing NGOs. It has suckered animal welfare charity Cats Protection to give Nestlé subsidiary Purina, the world's largest pet food company, a nice coat of greenwash with an endorsement. Nestlé-Purina's UK and Ireland marketing director Jeremy Caplin says: 'We are associating ourselves with the most prestigious cat charity in the UK, and we get a huge amount of reflected kudos from that.' Translation: 'Sales are going up since we essentially hired a huge charity at virtually zero cost to do our marketing for us.'

Carbon trading gathers momentum

Shell has struck the first deal to trade carbon dioxide allowances for the second phase of the EU's emissions trading scheme (running from 2008 to 2012). The price was €9 a tonne. Not disclosed is whether Shell was the buyer or seller, the size of the trade, or the name of the counter-party. KbQ is buying CO2 emissions contracts in our own account. We project the price to rise substantially over the next few years as the US model of 'scorched Earth' business is tossed overboard by the world and a new model of chasing carbon efficiencies takes its place.

Spain goes solar

Spain is to make solar panels mandatory in new buildings. The country's industry minister José Montilla has announced that from next year anyone who intends to build a home will be obliged to include solar panels in its design. He wants to turn Spain into a leader in the use of renewable energy. This, of course, would free up lots of carbon credits for selling to energy-thugs like Exxon.

Firefox to scorch Microsoft

The unpaid community of volunteers placing 'open-source' computer software free of charge in the public domain has launched Firefox (www.firefox.com), a free internet browser that is killing Microsoft's Explorer. When the volunteers appealed for donations in lieu of Firefox user fees so they could pay to advertise the software in *The New York Times*, the volunteers got more than \$250,000 – much more than they anticipated.

BOYCOTT Boeing and Northrop Grumman?

KbQ advises: DROP... Tanks and other armoured vehicles not yet sold at Wal-Mart.

No, 100,000 Iraqis have not died in vain. Defence contractors Boeing and Northrop Grumman have reported sharp increases in profits this past quarter. Boeing's profits were up 78 per cent from a year ago: a jump from \$256m to \$456m. Northrop Grumman's profits were up 51 per cent. And the good times (and unaccounted for deaths of Iraqi women and children) keep on coming. Bush is upping his war chest with a request to Congress for an additional \$70 billion. But the economics for a boycott don't make sense. Perhaps someone could come up with a good 'tertiary' boycott, whereby a key supplier is boycotted.

BOYCOTT Fannie Mae and Freddie Mac?

KbQ advises: DROP... Grass roots activism rooted in financial concepts has yet to achieve critical mass.

The US Department of Housing and Urban Development is relaxing finance rules that will allow lenders Fannie Mae and Freddie Mac to expand their presence in the 'unsecured' credit (aka 'loan sharking') market. (Hey, if the IMF and World Bank can do it, why not these two corporate kleptocrats). What it will be interesting to see is born-again Christian Americans tossed out of their homes after rates jump, begging Fannie Mae for help only to find that the company has sold their mortgage debts to China. There, they shoot dead beats and they don't care a fig if you believe in George W Christ. According to Amnesty International, an estimated minimum of 736 people were executed in China in 2003. Amnesty believes the actual number is much higher, and when you start adding in dead-beat US borrowers and airlines it could go through the roof.

BOYCOTT The Hilton Group?

KbQ advises: WAIT ...Unclear if Hilton will emerge as the worst social deviant of the casino stocks we track.

The Hilton Group says it wants to build a £200m Las Vegas-style casino in Blackpool as a competitive response to the US casinos set to colonise Britain. It's promised not to bring crime, guns, prostitution, drug dealing and money laundering to Britain. But Britain's Association of Chief Police Officers has already attacked culture secretary Tessa Jowell for her move to exempt the American casinos from Europe's strict money laundering rules. In this particular case, I side with the cops. One possible positive for Palestine (on the lines of the 'when life gives you lemons, make lemonade' school of thought), why not tear a page from the American Indian playbook and open casinos in Ramallah (obeying strict sharia law of course). Fat Israelis could waddle over and lose their settlements.

WHAT WOULD THE WORLD ECONOMY LOOK LIKE WITHOUT THE US AS A MAJOR PLAYER?

If the euro were to close at or above \$1.75 in the first quarter of 2005 (it's currently worth \$1.29), it would signal a complete loss of faith in the dollar (the devil's currency) as a global reserve currency and force the IMF to downgrade the US's credit rating (as it has already threatened to do). This would spike interest rates in the US and collapse its economy. That, in turn, would be good for the globe's environment because it would take out the biggest environmental offender.

The macro-trend right now is against the dollar and US corporations. As the *Financial Times* reports, and I paraphrase, 'Coca-Cola, McDonald's and Gap are being hit hard. Coca-Cola sales in Germany dropped 16 per cent from the similar period last year, and the company is writing off \$392m. Gap has pulled out of Germany entirely: a move that has helped to reduce its international sales by 10 per cent. Falling attendance at Disney's theme park outside Paris dropped revenues to where the park had to be rescued by its parent company. Wal-Mart, the world's most successful retailer, is facing heavy losses in Germany, which is the world's third largest economy after the US and Japan.' You get the picture. Just looking at an American flag is making people throw up red, white and blue chunks of disgust. Why not make money on the short side and send the profits to areas where the US has destroyed lives and the environment?

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