KarmabanQue

Activists taking control of the stock market using Smart Boycotts

WHAT'S A SMART BOYCOTT?

Companies constantly change tactics to stay one step ahead of regulatory authorities and activists. Smart activists using Smart Boycotts can close this gap, and gain control of the market, by switching boycotts on the fly as stock market conditions change and new boycotting opportunities become available month by month.

	COMPANY	BVR
1	Microsoft	10.31
2	Ryanair	6.92
3	Pfizer	6.88
4	Starbucks	5.78
5	Coca-Cola	4.57
6	Citigroup	3.85
7	Clear channel	2.32
8	Mcdonalds	2.29
9	Krispy Kreme	1.86
10	Exxon	1.66

A portfolio of short sales of these stocks would be up 13.95 per cent this year – a fourth month in a row of gains – a new high.

The ten stocks that make up the KbQ Index 2004 above are CSR (corporate social responsibility) risky companies that, for the most part, are vulnerable to a boycott. The higher their BVR, the more vulnerable they are.

The BVR is calculated as follows: the company's market capitalisation (its total amount of shares multiplied by the current price of each of those shares) is divided by annual sales (over the past 12 months). This number can then be used to determine exactly how much damage a $1 boycott would do to a company's share price. According to the formula outlined above, for example, if Coke has a BVR of five, while Exxon-Mobil has a BVR of one; subtracting $1 of sales would cut into the value of Coke's shares five times harder than it would affect Exxon. So, to be effective, consumer boycotts ought to target high-BVR stocks like Coke and not bother with low-BVR stocks like Exxon.

1 Microsoft BVR: 10.31

Boycott trend: ↑ Users are flocking by the million to the internet search engine Mozilla, the free open-source alternative to Microsoft's Internet Explorer

CSR risk trend: ↑ Hackers are succeeding in taking this leviathan down.

Market commentary: The magazine *Business Week* says Microsoft looks vulnerable. Clearly, the company's bug-prone software isn't helping, the global security situation: viruses targeting the monopolistic and negligent Microsoft are acting like virtual oil spills, degrading the environment of cyberspace. Writing for news and data provider Bloomberg, John Dorfman says: 'Avoid: earnings have increased at an insipid pace of 0.97 per cent. That should improve, but the stock seems a little rich at eight times revenue and 22 times earnings.'

2 Ryanair BVR: 6.72

Boycott trend: ↑ Britons are realising that cheap flights don't offer blissful breaks as locations such as Barcelona and Prague fill up with vomiting, drunken yobs.

CSR risk trend: ↑ War in Iraq has backfired: the price of fossil fuels is going up; oil has broken the $50-a-barrel barrier.

Market commentary: The UK disability organisation Scope gave KbQ the idea of boycotting Ryanair in the first place: it objects to the budget airline's wheelchair-discriminating super-quick turnaround times on the runway. But I never heard back from Scope after we listed Ryanair. I asked around and an insider, wishing anonymity, told me it didn't want to get too 'anti-corporate' and jeopardise funding streams. Isn't there a conflict of interest here? When I asked my insider this, I was told: 'Of course, but we also take money from British Aerospace, one of the leading suppliers of landmines in the world.'

3 Pfizer BVR: 6.88

Boycott trend: ↑ Animal rights activists are looking for new targets after successfully taking down vivisection company Huntingdon Life Sciences.

Market commentary: Sloane Rangers giving up Viagra-enhanced ageing bankers and instead are buying their way into toy-boy market.

4 Starbucks BVR: 5.78

Boycott trend: ↑ Consumers are seeing through the latest corporate greenwashing tricks.

CSR risk trend: ↑ The company is raising the price of its products to try to pay for its mounting CSR risk.

Market commentary: The new Oxfam-endorsed 'Common Code for the Coffee Community' does nothing to raise the price of coffee beans from the current 'jump down, turn around and pick a bail of coffee' slave price of 70 cents a pound. It's greenwash and diverts attention from the market manipulation schemes of the coffee giants Nestlé, Sara Lee, Kraft, Procter & Gamble and Starbucks. If Starbucks procured all of its coffee from fair-trade sources for $1.26 a pound, its stock would not be selling at 50 times earnings; it would trade closer to the current market multiple of 20 times earnings – ie, a stock price of $17, not $45. I'll believe Starbucks is serious about stopping coffee bean market manipulation, and the slavery that comes with it, when the company condemns the World Bank for rigging prices on coffee bean plantations in Vietnam.

5 Coca-Cola BVR: 4.57

Boycott trend: ↑ Drinking Coke seen as slap in face to human rights.

CSR risk trend: ↑ Coke admits climate change is pressuring earnings.

Market commentary: Coke's problems are growing. Germany's new deposit laws on drinks' packaging are forcing it to adopt recyclable glass and reimburse consumers who recycle. This will cost Coke $450m in the third quarter of this financial year. Market analyst David Kolpak says: 'We're nearing a breakdown of sentiment toward the stock, here. This is as dark a view as Wall Street has had on this stock in the nine years that I have been covering it.' Translation: 'Oh my God, this stock's gonna tank.'

6 Citigroup BVR: 3.85

Boycott trend: – Citigroup has wedged itself into a global neo-feudal system; difficult to break free from indentured servitude.

CSR risk trend: ↑ Its propensity to cook its own, as well as other companies', books is becoming clear.

Market commentary: Citigroup has apologised for stealing millions from the bond market with its smash-and-grab bilking of the MTS market in August. Interestingly, China executed four people, including two employees of a state-owned bank, for orchestrating a similar $15m fraud at about the same time. I like the Chinese punishment scheme. It fits the crime. The US should adopt the same approach. God knows they'd love it in Texas.

7 Clear Channel Communications BVR: 2.32

Boycott trend: – Americans can't resist Clear Channel's brand of neo-fascism.

CSR risk trend: – With Bush ahead of Kerry in the polls, free-speech rights and democracy continue to erode.

Market commentary: David Bank of RBC Capital Markets has downgraded his target price for Clear Channel from $51 to $48. The company is the biggest radio broadcaster in the US, with about 1,250 stations. It also runs outdoor advertising billboards and entertainment venues in the UK, but it has no radio assets in Britain. Rumours are circulating about a takeover of either of the London stations Capital and GLR. Britons who love political debate should resist Clear Channel's fundamentalist brand of agitprop and Muzak, as it would certainly threaten what remains of balanced political debate in the UK.

8 McDonald's BVR: 2.25

Boycott trend: ↑ Britons are abandoning McDonald's: profits in the UK last year plunged by 75 per cent.

CSR risk trend: ↑ Obesity lawsuits are not going away.

Market commentary: Last year's profit slide was the biggest for the fast-food franchise in its 30-year history. Healthy eating concerns and bad publicity thanks to the Mclibel case and the film *Super Size Me* have made McDonald's a high street pariah.

9 Krispy Kreme Doughnuts BVR: 1.86

Boycott trend: ↑ The obesity epidemic is recruiting new doughnut-haters.

CSR risk trend: ↑ Allegedly the company has been accounting for the doughnut holes.

Market commentary: Are Krispy Kreme boycotters political activists? We have been told, post-9/11, to stop 'terrorists' by shopping. When over-consumption equals patriotism, under-consumption becomes political. I don't eat Krispy Kreme because I think the US and UK policy of 'consuming your way to democracy' is dangerous rubbish. Plus, I don't want the health risks.

10 ExxonMobil BVR: 1.66

Boycott trend: ↓ In defiance of conventional wisdom, green groups are beginning to realise there are better ways to spend boycott bucks. But Gerd Leipold, international executive director of Greenpeace, told me personally during a meeting in London that he would never advise his supporters to abandon their 'Stop Esso' campaign. He said: 'Greenpeace does not believe in financial leverage: we rely entirely on passion.' Have an opinion? Email Gerd at gerd.leipold@int.greenpeace.org.

CSR risk trend: ↑ The higher oil price translates into riskier oil company behaviour.

Market commentary: The stock is flirting with another 52-week high. When you've got several national governments in your pocket, and zero environmental accountability, it's difficult not to make money.

Market News

Carbon Trading

Labour MP Colin Challen has published his draft for a Domestic Tradable Quotas (Carbon Emissions) Bill, which, if passed by Parliament, would make every adult in Britain eligible to trade carbon credits for themselves. This is how such trading would work: carbon consumption would be capped; motorists' and home-owners' carbon use would be tracked with smart cards; and carbon hogs who exceeded their rations would have to buy credits from carbon skinflints who didn't. Basically, you'd be able to sell your credits to SUV-driving luvvies in Hampstead and pocket your condescension as cold cash.

The business weekly *The EU Reporter,* naming and contradicting last months' column in *The Ecologist,* had predicted that Russia wouldn't sign up to the Kyoto Protocol on climate change. It now has egg on its face. Never bet against self-interest. It's in Russia's self-interest to ratify Kyoto, but I would never expect *The EU Reporter* to raise its journalism standards above the level of neo-liberal tripe.

Sony

Copyright monopolists like to sue Americans for engaging their constitutionally guaranteed 'fair use' rights when downloading music off the internet. But James Jackson, an executive at Sony Pictures Entertainment, has rather different legal concerns at the moment. He has to cough up $850,000 to settle charges filed by one Nena Ruiz, who claimed that she had been kept against her will and paid slave wages of $300 a year to work as housekeeper in Jackson's Los Angeles home.

The next Enron

We warned in the September issue that Alan Greenspan's loose-money regime at the US Federal Reserve Bank was having an impact on the world's financial markets similar to the effect global warming is having on the polar ice caps. Too much money causes huge pieces of the financial eco-system to disappear: the stock market equivalent of the Larsen A ice shelf is mortgage lender Fannie Mae. Since we made our comments two months ago, Fannie Mae's stock has dropped by 14 per cent. Regulators say its reserve requirements are grossly inadequate. We are sticking to our thesis that Fannie Mae will be the next Enron.

MOVERS & SHAKERS IN THE TOP 40 AT 1900 Hrs 8.10.04

CURRENT RANKING		BVR
1	Microsoft	10.21
2	Bank of New York	8.75
3	Pfizer	6.63
4	Ryanair	6.55
5	Plum Creek Timber	5.84
6	Starbucks	5.80
7	Bank of America	5.61
8	Wells Fargo Bank	5.46
9	Chiron	5.44
10	Wrigley	5.28
11	Johnson & Johnson	4.59
12	Coca Cola	4.50
13	Gillette	4.49
14	Harley-Davidson	4.26
15	GlaxoSmithKline	3.90
16	Citigroup	3.88
17	UST Inc	3.81
18	Bed Bath and Beyond	3.30
19	Procter & Gamble	3.30
20	PepsiCo	3.21
21	DENTSPLY International	3.15
22	News Corp	3.09
23	Anheuser-Busch	3.06
24	Occidental	2.95
25	Clorox	2.85
26	American Express	2.82
27	GE	2.75
28	Dell Computer	2.67
29	Tiffany & Co	2.65
30	Hershey	2.64
31	Bristol-Myers	2.57
32	Colgate-Palmolive	2.47
33	Abercrombie & Fitch	2.37
34	ClearChannel	2.31
35	McDonald's	2.31
36	Monsanto	2.21
37	Disney	2.03
38	Nike	1.98
39	Diebold Incorporated	1.89
40	Krispy Kreme	1.86

INTERESTED IN TAKING CONTROL OF THE STOCK MARKET WITH SMART BOYCOTTS?

1 Log on to www.KarmabanQue
2 Register
3 Select 3 companies you want to boycott

Send me, or better yet, post on the KarmabanQue, website any inside information you have on one of the listed corporations. Just because they don't believe in full disclosure or transparency doesn't mean full disclosure and transparency can't be imposed.

www.karmabanque.com

KarmabanQue: smart boycotts for smart activists

GlaxoSmithKline

Who will be the next target of the anti-vivisection campaign Stop Huntingdon Animal Cruelty (Shac)? Drug manufacturer GlaxoSmithKline (GSK) seems the likely answer. Shac 'gets it': it ties its success metrics to one thing: stock price. NGOs everywhere could and should adopt Shac's agility in expanding campaigns to include 'secondary' and 'tertiary' targets. In this interconnected, globalised, just-in-time supply-chain management world, preventing the CEO at the top from doing their job has the same weight as obstructing the delivery guy at the bottom in terms of slowing down a company's ability to make money, and in smashing its stock price.

Hershey Foods

Talking of Hershey's treatment of its cocoa suppliers in Africa, black American cleric Dr W Braxton Cooley Sr said: 'After 100 years of black patronage, it's time Hershey Foods demonstrated some concern, as well as economic reciprocity, with people of colour. Hershey should provide industry leadership to establish price supports, rather than dress up modern-day sharecropping arrangements, which deny our African brothers decent earnings for their crops.'

Tesco

Tesco is following the rest of the world's corporate lemmings into the finance game. The margins on selling 'stuff' are not as good as selling confidence. What banks, brokers and financial intermediaries know is that borrowing money at artificially low rates and investing it at artificially high ones, all courtesy of the central banking cartel's refusal to put the environment onto the corporate world's balance sheet, yields an easy rate of return. Tesco just reports blockbuster earnings, in line with other financial institutions. It's all part of a trend for shady finance deals that *The Times* calls the 'corporate Kleptocracy'.

Asda

Wal-Mart, Asda's parent company, is getting into trouble in the US for draining communities of social equity. For example, in Chicago alone, Wal-Mart employees take a total of $86m in public assistance money to help them survive on their Wal-Mart paychecks. In other words, the US taxpayer is paying Wal-Mart shareholders part of their dividend, and the government is subsidising the company's low wage bill. Does Britain want this style of government-corporate collusion draining social equity from its neighbourhoods? Who needs another Tesco?

Monsanto

Forget the health issues regarding GM seeds, and forget the argument about feeding the world's hungry. The real question is: do communities want a private, US corporation to have the ability to monopolise the global seed industry? If they do, control of the global food supply will move out of the public domain and into the private sphere of big business.

DENTSPLY International

Is the leading supplier of 'silver' – ie mercury, the most poisonous non-nuclear substance on earth. Widely used in dentistry, Mercury is the single greatest source of mercury poisoning in our environment, from toxic vapours spewed from the manufacturer to the vapours released upon cremation. Mercury has been linked to reproductive problems, the rapid increase in childhood cancers (mercury vapours are passed through the mother's milk) and to Alzheimers. The American Dental Association gives their 'seal of approval' to the mercury amalgam without disclosing that they, unlike the American Medical Association, receive financial kickbacks for their endorsements. Also, the company's stock price has doubled since Bush came into office, making it a high boycott vulnerability company.

Max Keiser is:
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