

Business Briefs

Globalization

Japan's Trade Ministry Boosts Cartel Formation

As the "financial locusts," or hedge funds, are being welcomed into Japan, the Trade Ministry is trying to loosen restrictions against cartelization. The current law on mergers and acquisitions (M&As) restricts post-merger companies to 35% of market share in any industry, but the Trade Ministry is pushing to up that to 50%, "to respond to global competition," according to Ministry Director Keisuke Sadamori. Such cartelization, described as necessary to "respond to global competition," recalls the *zaibatsu* conglomerates of pre-war Japan.

The context today, however, is the invasion of the hedge funds. Thompson Financial reports that private equity funds put \$4.9 billion into Japanese M&As in the first half of 2006—far below the figures in the United States and Europe, but huge by Japanese standards, and growing. The Nikkei wire service wrote on July 11: "With the economy returning to normalcy, as shown in the Bank of Japan's expected termination of its zero interest rate policy, private equity funds anticipate corporate M&A activity comparable to those in the U.S. and Europe." Nikkei also noted, however, that "with interest rates being hiked globally, concerns are growing that the investment fund bubble may burst in the near future."

Nuclear Power

China To Build Plants On Inland Sites

In order to spur the economic development of its non-coastal regions, the China National Nuclear Corp. has announced plans to build the country's first inland nuclear power plant within 3-5 years, *China Daily* reported on July 4. On June 30, the company set up an office in Hunan province to conduct preparatory work for the plant. "The multibillion-dollar nuclear project will fuel the economy of inland regions," said an

official, "where development lags behind the east."

According to a company official, it is technically feasible to build a 600 megawatt plant in land-locked regions, whereas in coastal regions, 1,000 MW plants are the norm. The plant will draw cooling water from a branch of the Yangtze River. The first selected site is about 100 kilometers from Hunan's capital of Changsha. Other sites are under consideration.

China Nuclear has elected to build a Chinese-designed and -built reactor, which will cost less than importing the technology. China has already commercially deployed 300 MW nuclear reactors of indigenous design and manufacture. Clearly China will, in the not-too-distant future, become a nuclear plant exporter.

Free Trade

Von Hayekians Hold Conference in Vienna

The European Resource Bank held its third annual conference in Vienna between June 29 and July 2, European newspapers reported. The ERB is a front for the Friedrich August von Hayek Institute, the high temple of the Synarchist radical free-market ideology and the so-called "Austrian School of Economics. The other organizer of the conference was the European Center of Economic Growth. With the aim of spreading radical free-market economics worldwide, the conference was comprised mainly of 250 participants from neo-liberal economic think-tanks around the world.

Among the speakers were Israeli Likud Party Chairman Benjamin Netanyahu; C. Boyden Gray, U.S. Ambassador to the European Union; Victorio Curzon Price, president of the Mont Pelerin Society; Ivan Miklos, outgoing Minister of Finance of the Slovak Republic; Dan Mitchell, Heritage Foundation; Richard Rahn, director general of the Center for Global Economic Growth; Andrei Illarionov, former economic advisor to the Russian President; Jürgen Stark, vice president of the German Bundesbank; John Bludell, Institute of Economic Affairs, Lon-

don; and Barbara Kolm-Lamprechter, Friedrich von Hayek Institute.

In addition, there was a regiment of leaders from the World Taxpayers Association, a federation of various tax revolt organizations. Grover Norquist, president of Americans for Tax Reform, was the most prominent of this crew.

Speaking at a press conference following the event, Netanyahu castigated the governments of Western Europe for their high social welfare payments: "In Israel, we paid a very high children's bonus, which even increased with rising numbers of children. The result is that families with many children, like ultra-Orthodox Jews or Arabs, were deterred from taking a job."

Social welfare and the state role were also attacked by Illarionov, former Kremlin chief economic advisor, who maintained that Hurricane Katrina showed that the state cannot act. "The private sector" was much more clever: "Most people simply jumped into their cars and drove away."

Natural Gas

Putin Scores Western Bias Against Russia

Russian President Vladimir Putin, in a July 13 interview with Germany's ZDF television network, criticized the Western media for perpetrating a bias against Russia, particularly its energy deals with Europe. He recalled that, "when in the middle of the 1970s Germany and the U.S.S.R. thought of constructing a gas pipeline system to provide German consumers with our natural gas, America was against this. At the time they talked about the unreliability, the problems related to possible dependence on the U.S.S.R. And we both know that no dependence ensued.

"Moreover, the Berlin Wall fell with the support of the Soviet Union, and Germany was united. And despite all the difficulties and dramatic events of that period, Russia has been a most reliable supplier for over 40 years." Putin added that if Germany depends on Russia, so does Russia on Germany, as an importer of Russian natural gas.