

The Epoch Times

'A Fresh Look At Our Changing World'

Northern California Edition

Published Every Thursday

NOVEMBER 5 - 11, 2009

Issue 20090044



A five-bill package, including an \$11 billion bond measure ended months of tense negotiations over problems plaguing California's ailing water system

See Nation A3

JUSTIN SULLIVAN/GETTY IMAGES

Zoom Zoom

The Japanese automaker created a refined, stylish, well made, fun-to-drive, compact that for six years has rivaled everything in its class.

See Auto B4



NETCARSHOW.COM

Buffett Makes Biggest Deal of His Career

By ANTONIO PEREZ
Epoch Times Staff

Billionaire investor and Berkshire Hathaway Chairman Warren Buffett pulled off the biggest deal of his career—purchasing the Burlington Northern Santa Fe (BNSF) railroad for \$26 billion earlier this week.

Berkshire to buy railroad giant Burlington Northern

Berkshire will pay \$100 per BNSF share—or a 30 percent premium over this week's closing price—for the 77.5 percent of the company Buffett doesn't own. The deal values BNSF at \$34 billion.

At that price, the BNSF deal becomes the largest acquisition of Buffett's long and celebrated career.

The Fort Worth, Texas-based BNSF is one of four transcontinental freight railways in the United States, and the second-largest behind Union Pacific. BNSF's railroad covers much of the Midwestern United States and ships large quantities of coal, grain, and containers annually.

"It's an all-in wager on the economic future of the United States," said Buffett, 79, in a joint Berkshire-BNSF statement.

To many, Buffett's investment is a vote of confidence in the U.S. railroad industry. He is betting that as the U.S. economy recovers and oil prices continue to soar, more industries will choose to ship products using trains rather than trucks.

"Our country's future prosperity depends on its having an efficient and well-maintained rail system," Buffett continued. "Conversely, America must grow and prosper for railroads to do well."

According to the company, the deal will cost Berkshire about \$16 billion in cash. As of June 30, Berkshire held about \$24 billion in cash on hand, according to its latest SEC filings. Buffett and Vice Chairman Charlie Munger looked for months for an acquisition target to utilize Berkshire's cash hoard, and finally decided on the BNSF deal.

"It doesn't mean we're out of business, but it does mean that we won't be making any huge deals for a while," Buffett told CNBC earlier this week, referring to the possibility of making more deals this year.

Berkshire Hathaway, Buffett's holding company, has a history of buying well-managed companies with unique competitive advantages. Berkshire currently owns GEICO insurance, MidAmerican Energy, Fruit of the Loom, See's Candies, and holds minority ownership stakes in a slew of other companies such as Moody's Corp., American Express Co., and The Coca-Cola Co.

Politics and Science Collide as Chief U.K. Drugs Adviser Dismissed

By SIMON VEAZEY
Epoch Times Staff

The worlds of politics, science, and drugs have collided in a heated public following the firing of the chief adviser on drugs to the U.K. government.

Professor David Nutt was dismissed on Oct. 30 for saying in a public lecture that alcohol and tobacco were more harmful than cannabis and the risks of taking ecstasy were no greater than horse riding.

Professor Nutt, chairman of the Advisory Council on the Misuse of Drugs (ACMD), strongly protested his firing through numerous media interviews.

PLEASE SEE FIRED ADVISER ON A2

WALL TORN DOWN



GERARD MALIE/AFP/GETTY IMAGES

East German border guards demolish a section of the Berlin Wall early Nov. 11, 1989, while a crowd of West Berliners watch. After three decades of dividing East and West Berlin, the wall fell on Nov. 9, 1989. As the world prepares for the 20th anniversary marking the fall of the Berlin Wall, The Epoch Times sheds light on the events and their significance... See the special feature on A4 & A5.

U.S. Presses Karzai to Reach Deal With Allies

WASHINGTON(Reuters)—The United States and its allies are pressing Afghan President Hamid Karzai to agree to a pact that includes an anti-corruption commission, merit-based appointments, and gives more authority to local leaders, U.S. officials said this week.

The proposed deal could help President Barack Obama make the case for a counterinsurgency strategy that hinges in large part on success winning Afghan public support for Karzai's government as an alternative to the Taliban.

U.S. officials see improved governance as critical to resuscitating the standing of the re-elected president, who emerged this week as the victor after a fraud-marred election stoked serious questions about his legitimacy both at home and abroad.

One Western source briefed on the Kabul discussions said the compact could amount to a "crutch" for some skeptical U.S. lawmakers to back whatever troop increase Obama settles on.

The leading options under consideration by the White House would add at least 10,000 to 15,000 troops, up to as many as 40,000, officials said.

Outlining elements of the plan, a senior U.S. official said the allies wanted Karzai to make merit-based appointments in key ministries and not to reward cronies who had supported him in the election.

Karzai was also being asked to establish an anti-corruption commission that would investigate top officials. There is also a provision



KABUL DISCUSSIONS: Afghan President Hamid Karzai attends a press conference at the Presidential Palace on Nov. 3 in Kabul, Afghanistan. Re-elected Karzai promised his new government would stop corruption and engage with Taliban insurgents. MAJID SAEEDI/GETTY IMAGES

that would give greater authority to local and provincial leaders in Afghanistan in choosing and overseeing projects in their areas, autonomy that Karzai has previously balked at.

MODERATE TALIBAN

The West was also seeking progress early on in "re-integrating" moderate members of the Taliban, for which the United States has included funding.

"This means articulating a vision or something that will make these insurgents put their arms down. That is something that clearly

has to be done," said the senior official.

Another element being discussed is the need for a "sustained economic policy" in Afghanistan that encourages private sector-led growth and steadily increases revenue collection, the official said.

"In turn, the international community will work to help develop Afghan capacity and send more development assistance to the government," said the senior U.S. official with knowledge of the discussions.

PLEASE SEE AFGHAN PRESIDENT ON A2

SEC Cracks Down on 'Pay to Play'

By HEIDE B. MALHOTRA
Epoch Times Staff

WASHINGTON—The Securities and Exchange Commission (SEC) proposed to curtail "pay to play" practices used by investment advisers seeking to manage money for state and local government pension plans.

The SEC's new proposal seeks to prevent advisers from making political contributions or payments to influence their selection by politicians.

New proposals may level the playing field for asset managers

"In the public pension and government plan world, 'pay to play' refers to an often unspoken, but well-understood arrangement," said SEC Chairman Mary Schapiro in a speech at an SEC open meeting this month.

"It's an arrangement whereby investment advisers who make political contributions and related payments to key officials are then rewarded with, or afforded the opportunity to compete for, contracts to manage public pension plans and other government accounts."

The concern is that public pension plans as a whole have grown to around \$2.2 trillion, about 33 percent of the country's pension funds in total. That amount represents a very large fish for unscrupulous investment advisers.

The SEC found that if the fund trustees appointed to select the investment advisers took contributions from advisers, the process could be undermined by foul play. "Pay to play practices can result in public plans and their beneficiaries receiving sub-par advisory services at inflated prices," Schapiro said in a recent statement.

"Our proposal would significantly curtail the corrupting and distortive influence of pay to play practices," Schapiro said, referring to future selection processes under consideration by the SEC.

If adopted, SEC's new proposal would not be limited to just the advisers, but would also prohibit specific executives and employees "from paying a third party."

PLEASE SEE SEC ON A6

Inside Pages

NEWS & COMMENTARY

- A2 Nation / World
- A3 Nation
- A4 Special Feature
- A5 Special Feature
- A6 Business
- A7 Opinion
- A8 Advertisement

A

LIFE & LEISURE

- B1 Entertainment
- B2 Arts & Culture
- B3 Health
- B4 Autos
- B5 Travel
- B6 Science
- B7 Technology
- B8 Dining

B

Epoch Times Podcast
podcast.theepochtimes.com
RSS
iTunes