

Business Briefs

Free Trade

Frankfurt Bankers: 'Greed Is Good'

Under the headline, "Greed is Good—or You'll Have To Eat Acorns," the May 1 issue of the *Frankfurter Allgemeine Zeitung*, the mouthpiece for the Frankfurt bankers and other neo-cons of the German establishment, published a defense of Bernard Mandeville's 1714 *Fable of the Bees*. He had alleged that virtues ruin society so much, that citizens have to eat acorns, to stay alive. This was the response of the FAZ to characterizations, in the political campaigning in the German state of North Rhine-Westphalia, comparing investors who demand their return on investment, at the expense of the social needs of the population, to "financial locusts" (see *Report From Germany*).

"Everything necessary on this issue was said by the Dutch nerve and stomach doctor Bernard Mandeville. Three hundred years ago, when he lived in London, he anonymously published the *Fable of the Bees*," wrote the FAZ, pointing out that the fable's subtitle is *Private Vices, Public Benefits*, and promotes the book as "proving" that a vice-ridden society is more beneficial to man than the social and moral society, which they claim leads straight into poverty. Luxury, Mandeville claimed, is a driver of general wealth.

Lyndon LaRouche has often drawn attention to the Mandeville screed as an example of the worst free-trade ideology. LaRouche's economic policies are now featured prominently in Germany's debate over its economic future.

Investment Banking

Lazard Group Is Going Public

In the first week of May, Lazard, the private investment bank, will become a public company, when it sells a small portion of itself to the public via an initial public offering. Lazard will sell stock in Lazard Ltd., a newly formed company incorporated in Bermuda, and listed as LAZ on the New York Stock

Exchange. Lazard Ltd. will become the parent company of Lazard Group LLC, the Delaware-chartered holding company for the various Lazard entities. Lazard Ltd. will have no assets beyond its 33.7% ownership of Lazard Group, while the remaining 66.3% of Lazard Group will be owned by LAZ-MD, a holding company.

According to its prospectus, Lazard has been an advisor on nearly 1,000 completed mergers and acquisitions since 1999, with a cumulative value in excess of \$1 trillion. Over the same period it has advised in over 100 in- and out-of-court restructurings comprising over \$300 billion in debt restructuring, including WorldCom, Reliant Resources, Parmalat, Marconi, Eurotunnel, and Daewoo. Lazard has been called in to handle almost every major corporate blowup since Enron, to bury the bodies, hide the role of the bankers, and hang the blame on the small fry.

European Central Bank

Conflicts Likely To Increase With Governments

This was the assessment of former Bundesbank president Hans Tietmeyer, speaking at a European Central Bank (ECB) colloquium in Frankfurt, Germany, according to the Swiss financial daily *Neue Zürcher Zeitung*, April 29.

The event was sponsored by the ECB in honor of outgoing ECB directorate member Tommaso Padoa-Schioppa. It turned into a mini-summit of central bankers and monetary policy experts from around the world, including former ECB president Wim Duisenberg, Federal Reserve vice-chairman Roger Ferguson, former head of the European Monetary Institute Alexandre Lamfalussy, former Israel central bank head Jacob Frenkel, and Charles Goodhart of the London School of Economics.

While the central bankers were meeting in Frankfurt, Italian Prime Minister Silvio Berlusconi, as well as German Economics Minister Wolfgang Clement, started a new round of attacks on the ECB monetary policy. Berlusconi described it as "destructive for the competitiveness of all corporations in Europe." Clement called the policy "not

oriented to German interests." In the foreground of such statements are the usual calls on the central bank to lower interest rates.

On the same day, ECB President Jean-Claude Trichet emphasized that free-market reforms must be continued, and insisted that there doesn't exist any alternative to this approach.

Next year, ECB chief economist Otmar Issing will retire from his post as member of the ECB directorate. And another German is supposed to replace him. German Chancellor Gerhard Schröder has started a confrontation with the Bundesbank and the ECB by proposing Peter Bofinger of Würzburg University as a replacement for Issing. Bofinger is an outspoken critic of persistent free-market dogmas, and calls for public investments and real wage increases as a means to boost domestic economies.

Asia Development

ADB Will Focus On Infrastructure

The Asia Development Bank's (ADB) annual meeting in early May announced an increased focus on building infrastructure, through the introduction of local currency bonds. Former Japanese Finance Minister Haruhiko Kuroda, who took over as president of the ADB in February, told the 38th Annual Meeting of the Board of Governors in Turkey that the Asia/Pacific region is moving into a "new era of development," and undergoing a "fundamental and far-reaching transformation." Kuroda noted that although poverty in Asia has been reduced by some 200 million in the past 15 years, "some 700 million people still struggle on less than \$1 a day." He said that the ADB itself "must change . . . become more relevant, more responsive and more focussed on results."

He listed the areas of "greater focus" as: greater investment in water, sanitation, health, and education; HIV and the condition of women; "Asia's massive infrastructure financing gap, estimated at more than \$250 billion a year"; cooperation on international projects, like the Greater Mekong Subregion, as well as Central and South Asia; and cooperation with the ASEAN+3.