

The European Bank for the Retardation of Development

By Sam Vaknin, Ph.D.

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In typical bureaucratese, the pensive EBRD analyst ventures with the appearance of compunction: "A number of projects have fallen short of acceptable standards (notice the passive, exculpating voice - SV) and have put the reputation of the bank at risk". If so, very little was risked. The outlandish lavishness of its City headquarters, the apotheosis of the inevitable narcissism of its first French Chairman (sliding marble slabs, motion sensitive lighting and designer furniture) - is, at this stage, its only tangible achievement. In the territories of its constituencies and shareholders it is known equally for its logy pomposity, the irrelevance of its projects, its lack of perspicacity and its Kafkaesque procedures. And where the IMF sometimes indulges in oblique malice and corrupt opaqueness, the EBRD wallows merely in avuncular inefficacy. Both are havens of insouciant third rate economists and bankers beyond rating.

Established in 1991, "it exists to foster the transition towards open market oriented economies and to promote private and entrepreneurial initiative in the countries of central and eastern Europe and the Commonwealth of Independent States (CIS) committed to and applying the principles of multiparty democracy, pluralism and market economics. The EBRD seeks to help its 26 countries of operations to implement structural and sectoral economic reforms, promoting competition, privatization and entrepreneurship, taking into account the particular needs of countries at different stages of transition. Through its investments it promotes private sector activity, the strengthening of financial institutions and legal systems, and the development of the infrastructure needed to support the private sector. The Bank applies sound banking and investment principles in all of its operations. In fulfilling its role as a catalyst of change, the Bank encourages co-financing and foreign direct investment from the private and public sectors, helps to mobilize domestic capital, and provides technical co-operation in relevant areas. It works in close co-operation with international financial institutions and other international and national organizations. In all of its activities, the Bank promotes environmentally sound and sustainable development."

Grandiloquence aside, the EBRD was supposed to foster the formation of the private sector in the revenant wreckage of Central and Eastern Europe, the Balkan, Russia and the New Independent States. This it was mandated to do by providing finance where there was none ("bridging the gaps in the post communist financial system" to quote "The Economist"). Put more intelligibly, it was NOT supposed to transform itself into a long-term investment portfolio with equity holdings in most blue-chips in the region. Yet, this is precisely what it ended up becoming. It avoided project financing like the plague

and met the burgeoning capital needs of small and medium size enterprises (SMEs) grudgingly. And it refuses to divest itself of stakes in the best run and most efficiently managed firms from Russia to the Czech Republic. In a way, it competes head on with other investors and commercial banks - often crowding them out with its subsidized financing.

One of its main mistakes, in a depressingly impressive salmagundi, is that it channelled precious resources to this budding sector (SMEs), the dynamo of every economy, through the domestic, decrepit, venal and politically manhandled banking system. The inevitable result was a colossal waste of resources. The money was allocated to sycophantic cronies and sinecured relatives (often one and the same) and to gigantic, state-owned or state-favoured loss makers. Most of it lay idle and yielded to its hosts a hefty income in arbitrage and speculation. As banks went bankrupt, they wiped whole portfolios of EBRD SME funds, theoretically guaranteed by even more bankrupt states.

Thus, the only segments of the private sector to benefit handsomely from the EBRD were lawyers and accountants involved in the umpteen lawsuits the EBRD is mired in. It is a growth industry in "countries" such as Russia. This is the melancholy outcome of indiscriminate, politically-motivated lending and of a lackadaisical performance as both lenders and shareholders. In the spirit of its first chairman, the suave and titivated Attali, the bank is in a constant road show, mortified by the possibility of its dissolution by reason of irrelevance. It aims to impress the West with its grandiose projects, mega investments, fast returns and acquiescence. In thus behaving, it is engaged in a perditionable perfidy of its fiduciary obligations. It lends to criminal managers, winking at their off-shore shenanigans and turning a blind eye to the scapegrace slaughter of minority shareholders. It throws good money after bad, cosies up to oligarchs near and far and engages in creative accounting. Instead of Westernizing the Easterners - it has been Easternized by them. Its sedentary though peregrinating employees are more adept at wining and at dining the high and mighty and at haughtily maundering in the odd, tangential, seminar - than at managing a banking institution or looking after the interests of their nominal shareholders with the tutelary solicitude expected of a bank.

Consider two examples:

MACEDONIA

The nascent private sector is nowhere to be found in the list of projects the EBRD so sagely chose to falter into here. The Electricity and Telecoms monopolies are prime beneficiaries as is the airport. The EBRD is also a passive shareholder in both big universal banks - until recently, conduits of state mismanagement. The SME and Trade Facilitation credit lines were conveniently divvied up among five domestic banks (one went belly up, the managers of two are under criminal investigation and one was sold to a Greek state bank). Despite vigorous protestations to the contrary, none of this money reached its proclaimed entrepreneurial targets. Two loans were made to giant local firms - the natural preserve of commercial lenders and equity investors the world over. The EBRD contributed nothing to the emergence of a management culture, to the development of proper corporate governance, to the safeguarding of property rights and the protection of minority shareholders here. Instead, it colluded in the perpetuation of

monopolies, shoddy and shady banking practices, the pertinacious robbery titled "privatization" and the pretence of funding languishing private sector enterprises.

RUSSIA

Its 2 billion US dollars portfolio all but wiped out in the August 1998 financial crisis, the EBRD has now returned with 700 million new Euros to be - conservatively but not more safely - lent in major energy and telecom behemoths.

The historic, pre-1998, portfolio appears impressive. Almost 11 billion US dollars were generated by the EBRD's less than 4. The bottom line reads 94 projects. Yet, when one neutralizes the infrastructural ones (including the gas and energy sector) - one is left with less than 50% of the amount. Add "infrastructure-like" projects (water transportation and the like) - and less than 30% of the portfolio went to what can be called proper "private sector". Moreover, even these investments and credits were geared towards traditional and smokestack industries: mining, food processing, pipelines, rubber and such. Not an entrepreneur in sight. And the EBRD's meagre loan-loss provisions and reserves cast serious doubts regarding the mental state of both its directors and its auditors.

To varying degrees, these two countries are typical. Development banks, like industrial policy, import substitution and poverty reduction, have gone in and out of multilateral fashion several times in the last few decades. But there is a consensus regarding some minimum aims of such bureaucracy-laden establishments - and the EBRD achieves none. It does not encourage entrepreneurship. It does not improve corporate governance. It does not enhance property rights. It does not allocate economic resources efficiently. It competes directly with other - more desirable - financing alternatives. It is not equipped to monitor its vast and inert portfolio. By implication it collaborates in graft, tax evasion and worse. It is a waste of scarce resources badly needed elsewhere. It should be administered a coup de grace. And its marbled abode - so out of touch with the realities of its clients and its balance sheet - should be sold to someone more up to the task. A bank, for instance.

Sam Vaknin is the author of "Malignant Self Love - Narcissism Revisited" and "After the Rain - How the West Lost the East". He is a columnist in "Central Europe Review", United Press International (UPI) and ebookweb.org and the editor of mental health and Central East Europe categories in The Open Directory, Suite101 and searcheurope.com. Until recently, he served as the Economic Advisor to the Government of Macedonia.

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The Benefits Of Iodine

By Charlene J. Nuble

Initially discovered as a new element in 1811 by Barnard Courtois, knowledge of this substance has come to include the host of benefits it brings to the body as an essential nutrient. For many years, getting enough iodine in the diet naturally was difficult in many geographic regions and remains so for an unfortunately high percentage of the world's population in the developing nations. With the introduction of iodized salt, meeting the daily iodine requirement became nearly effortless and inexpensive in the industrialized nations. In these nations, iodine deficiency is now rare. As developing nations are able to make the shift to iodized salt, their rates of iodine deficiency and the diseases associated with it have also begun to decrease.

One of the main ways that iodine affects the body and health is through its interactions with the thyroid gland. Approximately 80% of the iodine found in the body is located in the thyroid. With the help of iodine, the thyroid is able to produce its hormones: thyroxine and triiodothyronine. These hormones play a major part in regulating processes relating to growth and development of the body and influence the maturation of the reproductive system.

Because of its influence on the thyroid's activities, iodine therefore plays a great role in the basic metabolism processes and levels in the body. It helps in overseeing that the body efficiently burns calories thus preventing excess calories from being stored as excess fats. It has a role in maintaining the energy level of the body and in helping the skin, teeth, nails and hair to be strong and healthy. Iodine also plays a big role in destroying toxins in the body and also helps the system in utilizing both the mineral calcium and silicone.

A deficiency in iodine can negatively affect the health and functioning of the body and mind in many ways some of which are more serious than others. The symptoms of iodine deficiency that affect the mind range from feelings of frustration and anxiety to depression to mental retardation stemming from an IQ point decrease of up to 15 points to the severe mental retardation relating to such diseases as cretinism which includes serious physical malformations. According to the World Health Organization, iodine deficiency is among the leading causes of mental retardation worldwide. Physical symptoms of iodine deficiency can include dry, scaly skin, fatigue, constipation, unusual weight gain, impaired thyroid operation, goiters, decreased fertility, increased rate of stillbirth, and growth abnormalities ranging in severity.

It is truly shameful that people suffer such horrific affects from a deficiency that could be resolved with mere pennies per person. Iodized salt is so inexpensive and if could be spread throughout the poverty centers of the developing nations, the needless suffering of millions could be alleviated. Infants need to have 40 micrograms to 50 micrograms per day if iodine, children from 1 to 3 years of age need 70 micrograms daily, ages 4 to 6 require 90 micrograms per day, ages 7 to 10 need 120 micrograms daily, and children over 11 should have 150 micrograms per day. In turn, pregnant women need more iodine intake than the normal adult. A whopping 175 micrograms of iodine daily is

needed daily for these women and breastfeeding women should have 200 micrograms daily. A mere quarter of a teaspoon of iodized salt contains 95 micrograms of iodine. So for a healthy mind and body, be sure to consume the required daily dose of iodine.

Charlene J. Nuble 2005. For up to date links and information about Vitamins, please go to: <http://vitamins.besthealthlink.net/> or for updated links and information on all health related topics, go to: <http://www.besthealthlink.net/>

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