

MisBehavior in Russia

The knives are out for Larry Summers, former Harvard president, behavioral economist, director of the National Economic Council for President Barack Obama. The *New York Times* (April 6, 2009, “A Rich Education for Summers (After Harvard)”) speared him as a fanatical hedge-fund operator and multimillionaire.

His Harvard protégé, the prominent behavioral economist and mass corruptionist Andrei Shleifer, is part of what the *Times* called the “small circle of financial professionals, particularly hedge fund managers,” that Summers has “cultivated ... to serve as an informal brain trust. He consults with them on policy matters from his perch in the White House.”

In the early 1990s, Summers was chief economist for the World Bank, coordinating the privatization and looting of Russia with Vice Premier Anatoly Chubais. While Summers’ man Shleifer and Harvard University were then being paid by the U.S. government to advise Chubais and the Russians on privatization, Shleifer’s wife, Nancy Zimmerman, was running a hedge fund out of the back room of Harvard’s USAID-funded privatization project office in Moscow.

Put in charge of setting up a stock market, and engineering other post-Soviet projects, Shleifer engorged himself on the resultant stocks and bonds,

while Russia slid into misery. The U.S. government sued Harvard, Shleifer, and Zimmerman under the False Claims Act. Harvard and Shleifer reached an agreement with the Justice Department in 2005: Harvard paid \$26.5 million to settle; Shleifer paid \$2 million in damages, on top of his wife’s firm’s \$1.5 million in damages.

As Summers defended the looting of Russia and Shleifer’s role in it, Harvard paid most of Shleifer’s damages and kept him on the faculty.

The cited *Times* article names only Nancy Zimmerman, and not Shleifer himself, as being in that Summers circle of hedge fund managers.

The *Times* makes a reference that points in the direction of the underlying behavioral economist takeover of the Obama Administration:

“Among these [hedge fund] insiders are Kenneth D. Brody and Frank P. Brosens, the founding partners of another hedge fund, Taconic Capital Advisors, for whom Mr. Summers did consulting work from 2004 to 2006. Mr. Summers reached out to Mr. Brosens in December to discuss the Obama administration’s economic priorities. This year, he campaigned to have him run the federal office overseeing the \$700 billion bailout program. Mr. Brosens withdrew his name from consideration last month.”

The cited Kenneth D. Brody (Brosens’ partner) is himself the Treasurer of the Russell Sage Foundation, the central channel through which the behavioral economics project has been foisted on the American government.

—Anton Chaitkin