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Meet The Man Behind The Scenes: The "Pro-Market Socialist" Banker Who Will Shape "Europe's Financial Future"

By Zero Hedge
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While the media world follows every step of the new Greek finance minister Yanis Varoufakis (or "YV") with morbid fascination, and for good reason – he is so subdued it makes him flamboyant to a media world unaccustomed with modesty – the truth is that, for all his best intentions, Yanis as well as the Prime Minister, are merely frontmen for popular consumption. The real brains behind the latest Greek attempt at tearing away the hated "oppressive" shackles of debt (which nobody had a problem incurring originally when everything was going smoothly, but that's a topic for another day) is a banker who sits 3000 kilometers away, on Paris' Boulevard Hausmann, and who is a self-described "pro-market socialist", and fan of The Clash.

Meet Lazard's Matthieu Pigasse, the banker, whose actions in the next few days, as the WSJ puts it, will shape "Europe's financial future."

> The 46-year-old financier is head of the government advisory arm at Lazard , the international investment bank hired in recent days by both Greece and Ukraine to help renegotiate their debts, according to people familiar with the matter.
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> Mr. Pigasse "has been involved in some of the most important sovereign debt restructurings in the last decade," said Deborah Zandstra, a sovereign debt partner at lawyers Clifford Chance LLP. "His appointment by the new Greek administration is a positive step." Both assignments are key to Europe's political and economic health.
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> Ukraine must negotiate with foreign creditors over as much as $20 billion of Eurobond debt. These efforts could be crucial in whether Ukraine is able to negotiate further borrowing and keep its budget afloat, bolstering an economy ravaged by the war with Russian-backed rebels in the east of the country.
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> In Greece, new Prime Minister Alexis Tsipras has promised to slash the country's heavy debt burden. But other eurozone leaders have declared that any reduction in the face value of Greek debt would be unacceptable and the Greek finance minister is now proposing to swap debt for new growth-linked bonds.
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> For Lazard, an advisory and asset management firm that listed in New York in 2005, counseling governments has become a steady and growing business.

And it is about to get even bigger, thanks to Greece. Then again, Pigasse is quite familiar with the intricacies of the Mediterranean country:

> A team of Lazard bankers, led by Mr. Pigasse, advised Greece in 2012 when it pushed through one of the largest debt restructurings of all time. **Lazard has also been very active in Africa, where it has advised Egypt, Mauritania, the Democratic Republic of Congo, Gabon and Ivory Coast**. Last year it helped Ethiopia with its debut $1 billion sovereign bond issue.

And while third world familiarity will certainly come in useful, the fees collected are quite first world:

> Advising governments is a relatively small part of Lazard's business, with fees making up just a small fraction of total revenue. But government mandates are particularly prestigious and the work can be lucrative**. In March 2012, Greece said it paid Lazard €25 million ($28.5 million) for its advice over the previous two years**. The sovereign advisory arm, run out of the Paris office, has increased head count by 50% to 30 over the past three years.

So why Lazard instead of some of the other just as prominent restructuring boutiques? The answer: it is unable to frontrun its decisions by trading Greek debt on inside information.

> Francis Fitzherbert-Brockholes, a debt-restructuring expert at law firm White & Case, said that some government clients may prefer Lazard over other investment banks because it doesn't trade government debt. **"There is a perceived absence of conflicts of interest," Mr. Fitzherbert-Brockholes added.**

Of course, one would certainly never hear the end of it if instead of Lazard Greece had hired someone else to advise it. Someone like Rothschild for example:

> Rothschild, another independent bank without a trading function, is also strong in advising governments, he added. Rothschild recently worked for Cyprus on its debt crisis and helped Portugal recapitalize its banking system.

While Pigasse's academic background is nothing special, it is notable that one of his co-workers is none other than disgraced former IMF head and one time French presidential hopeful DSK:

> Mr. Pigasse graduated from France's ENA, a prestigious administrative school that has educated many of the country's top civil servants. In the late 1990s, he worked in the French finance ministry under its then chief, Dominique Strauss-Kahn . He joined Lazard in 2002 and earned a reputation as a strong negotiator after working on a string of large deals, including the $38 billion merger between utilities giants Suez SA and Gaz de France SA.

Curiously, in this specific assignment instead of being aligned monetarily with his client, Pigasse will share ideological ties: you see the banker is a devout socialst.

> The financier, who through Lazard declined to comment, **is also part-owner**

> **of France's left-leaning Le Monde newspaper and a self-confessed socialist.**
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> In an interview with French television that aired last week before Lazard was appointed as an adviser to Greece, **Mr. Pigasse said it was "absolutely necessary" that the Greek debt held by public institutions be halved, which would represent a cut of about €100 billion.**
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> Mr. Fitzherbert-Brockholes noted that most of the Greek debt is held by public institutions such as the European Central Bank and the International Monetary Fund. "What is different about the Greek situation is that so much of the government debt is held by the official sector now. That adds a distinctly political overlay to the whole thing."

Indeed it does, and while for now YF is fully in agreement with Pigasse's assessment of cutting the Greek debt by 50%, something which – **if successful** – that other socialist Hollande would love to retain his fellow countryman's services for next, both Greece and Lazard are about to find out the very hard way just what it means when restructuring and politics become intimately inseparable, and the response is the full wrath of the ECB.

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Articles by: **Zero Hedge**