SPEECH BY THE RT HON LORD OWEN FRCP
HELLENIC PSYCHIATRIC ASSOCIATION, HELLENIC CENTRE, LONDON
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"THE EU'S HUBRIS HAS BROUGHT ITS OWN NEMESIS"

For the deepest of reasons, I have concluded it is a fundamental British interest to leave this failed union on 23 June. We will then not just retain our own currency but we will minimise the very serious risks to the UK when the Eurozone collapses at some date in the future. No-one knows when it will collapse but as the last Governor of the Bank of England has said this crisis will continue. There is a chance that it will not collapse during the next 3 years if the UK transitions to leave. One thing is clear, the EU has no intention of reforming the Eurozone this side of 2023. Hubris, meanwhile, refuses to admit failure or flaws and Nemesis lurks for the Eurozone.

The young Greek woman's amused reaction to any idea that there was anyone managing the refugee crisis in Idomeni, "What do you mean a system?" is typical of many people's reaction outside the bubble that governments surround themselves with.

A currency needs a country. A country needs its defined borders and ability to control who comes over those borders. In the 1960s we in the UK handled the Kenyan Asian influx and in the early 1970s the Ugandan Asian influx. It was not easy but the country rallied around under first Labour and then Conservative governments. Today, our Prime Minister pretends we are not involved in the humanitarian disaster unfolding in Greece, that being outside Schengen protects us. Immigration in the UK stems mainly from automatic EU rules. Our Prime Minister has supported an agreement which is being presented to the Turkish people as speeding up entry into the EU. Yet before the ink is dry on any wording, we know it is a promise that is not going to be honoured. That is no way for Britain to behave. Better tell the truth and not feed disillusionment in Turkey, an important NATO ally, later. Our problem is that immigration is far higher than the government will admit. It is creating far more strains and stresses in our national health service, our social services, our housing and our schools, than anyone is prepared to openly acknowledge. If we could slow the automatic immigration from EU countries into the UK then we would be able to use some of the freedom to manoeuvre to alleviate the human grief that is unfolding in the camps in Greece. It needs to be said quite clearly that as from the 23 June if we gain control of immigration we will have the freedom to choose. We will be able to debate the situation in Greece in Parliament and take our own democratic decisions. We could decide - and I think we would - to slow immigration from EU countries where there are no good proven economic reasons for it, and as world citizens shoulder some of the responsibility to alleviate the hardship in some of the migrant camps in Greece where Syrians have fled from towns and cities known to be the subject of an horrendous civil war. We are locked in today to a rigid box which inhibits our humane response. We would become, after leaving the EU, a more humane country. We would have a more flexible immigration policy able to admit to our country people from India or Australia who can demonstrate that they will add to our economic growth and financial stability because of their skills.

The European Union is busted and it has broken in Greece, the European country that has the greatest claim to have been the birthplace of democracy. What has been inadvertently created in the European Union is a dysfunctional entity. Hubris started at the EU Council meeting in 1991 in the Dutch city of Maastricht with the pretension that you can create a currency, the euro, in a geographical area, the Eurozone, without it becoming a country. This economic, social and political experiment has been broken not in the comfort of Brussels but in the wretchedness of Idomeni camp in Northern Greece on its border with a country carved out of the former Yugoslavia whose official name is still the former Yugoslavian Republic of Macedonia.

The medical profession cannot ignore what is happening to Greece. Greece described in today's *New York Times* as "ground zero for the two greatest challenges to afflict Europe in recent years – the debt crisis and Germany's insistence on austerity as the only cure". It is absolutely true that a bankrupt Greece "risks becoming a refugee trap". Already, even in the centre of Greece, officials are opening refugee centres in military camps and bankrupt hotels let alone the decaying Olympic Park in Athens.

John Adams, one of the Founding Fathers of America who helped draft the United States Constitution in *A Dissertation on the Canon and Feudal Law*, published in August 1765, wrote about 'a general knowledge among the people', which he believed meant that 'they have a right, an indisputable, unalienable, indefensible divine right to the most dreaded and envied kind of knowledge. I mean the character and conduct of their leaders.' If this judgement is true, which I believe it to be, then leaders' character and conduct, collectively and well as individually, must be open to physicians and psychiatrists as well as philosophers, playwrights and psychologists. That right to know the truth means we should face up to the diagnosis of what has gone wrong. Collective Hubris Syndrome lies at the root of what has gone wrong in Europe and we are seeing Nemesis follow in Greece today. The *New York Times* describes the situation in Idomeni in great detail, 'Where Europe's crises collide today'.

The Greek people, to their credit, have shown amazing tolerance and kindness to individual refugees given their own problems with severe unemployment and squeezed standards of living.

Hubris, a word familiar to the Greek people, has been present over the Eurozone since they joined in 2000. Robert Reich wrote in *The Nation* on 17 July 2015 how Goldman Sachs helped create the Greek debt crisis. He sees this as an illustration of how Wall Street's powers of persuasion and predation exacerbated a crisis far from home. A deal engineered by Goldman's current CEO, Lloyd Blankfein, helped Greek hide the true extent of its debt, and in the process almost doubled it. The truth is that Wall Street's predatory lending habits have played an important, although little recognised, role in the Eurozone crisis before the same pattern was evident in the US itself. Today, Lloyd Blankfein, and Goldman Sachs have the brass cheek to lecture us in the UK on why we should stay in an EU damaged and rendered virtually dysfunctional by the Eurozone crisis.

When in 2001 the Greek government was looking for ways to disguise its severe financial troubles, they chose to evade the Maastricht Treaty requirements to demonstrate improvement in their public finances, having joined the Eurozone on 19 June 2000. A secret loan of 2.8 billion euros for Greece was arranged by Goldman Sachs as an off-the-books "cross–currency swap". Robert Reich describes it as "a complicated transaction in which Greece's foreign currency debt was converted into a domestic- currency obligation using a fictitious market exchange rate. The dramatic effect was that some 2 per cent of Greece's debt was conjured away and did not even appear in its national accounts. It was described rather colourfully to Bloomburg as "a very sexy story between two sinners".

The problem was that after 9/11 bond yields plunged on world markets involving a huge loss for the Greek government because of the slick formula which Goldman had used. By 2005 Greece owed almost double what it had put into the deal as its off-the-books debt rose to 5.1 billion from 2.8.

Mario Draghi, now doing his best as head of the European Central Bank, was the managing director of Goldman international division. The more we discover about what was happening in global finance in the first decade of the 21st Century, the more we realize the interlocking nature of people, companies and governments, many of whom are still in high positions. No wonder there is global disillusionment amongst millions of voters in countries as different as the US and Greece, Germany and Italy and the emerging markets have not escaped either. Look at Brazil. We are seeing today a people's revolt at the deplorable values of big banks and big businesses and the abysmal record of past politicians. Until the present generation of politicians recognize this they will find no ready audience for their views.

An organization called the Seven Pillars Institute has examined the ethical question around the Goldman deal. Greece negotiated a non-typical swap with Goldman, which used an "historical implied foreign exchange rate."[1] The swap did not use the prevailing rate, but rather one with a weaker Euro, thus allowing Greece to exchange its Yen and Dollars for a greater number of Euros. This favorable exchange rate is estimated to have netted Greece approximately $1 billion at inception.[2] But because Greece would pay this amount back at the end of the swap, it resembled a loan on the part of Goldman Sachs. European accounting rules did not oblige Greece to report this credit as such, allowing its government to take $1 billion off of its balance sheets.[3] Politicians have therefore asserted that Goldman colluded with Greece to hide the true extent of its debt from European authorities and investors, exacerbating Greek debt and helping to spawn the European sovereign debt crisis.

By allowing debt to accumulate, and by adding greater debt through the swaps with Goldman Sachs, the Greek government mortgaged the nation's future, and was not acting for the greatest 'good.' From a purely utilitarian standpoint, the Greek government acted unethically. But when you divorce a government from its own currency and replace it with a collective European currency you invite governments to just keep within the rules and ignore issues of probity and caution.

Greece were using mechanisms which were legal though this does not mean moral. It could be argued, the government prevented Greece from paying the enormous fines stipulated by the Maastricht Treaty and for those countries in violation of debt and deficit limits.[4] This was in the short term felt to be in the best interests of its citizens. Yet it was reckless though not necessarily unethical.

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[1] "Goldman Sachs Transactions with Greece," Goldman Sachs Viewpoints, February 21, 2010, http://www2.goldmansachs.com/our-firm/on-the-issues/viewpoint/viewpoint-articles/greece.html, accessed August 13, 2011.
[2] Tracy Alloway, "Goldman's Trojan currency Swap," ft.com/alphaville, February 9, 2010, http://ftalphaville.ft.com/blog/2010/02/09/145201/goldmans-trojan-greek-currency-swap/, accessed August 7, 2011.
[3] Nick Dunbar, "Revealed: Goldman Sachs' mega-deal for Greece."
[4] Nick Dunbar, "Revealed: Goldman Sachs' mega-deal for Greece."

The German Chancellor Merkel called Goldman's role in Greece's debt "scandalous".[5] Her language is correct – it was a scandal. But the scandal for Germany is to pretend that they can administer a successful Eurozone while retaining a refusal to introduce a federal transfer union within the Eurozone to compensate the weaker economic areas within that zone. "There is no doubt that Goldman Sachs' deal with Greece was a completely legitimate transaction under Eurostat rules."[6] Furthermore, the practice of engaging in such swaps was quite common, and allowed those governments to guarantee their revenues from bond issues in foreign denominations. Was it a concern of Goldman Sachs that the swaps allowed Greece to hide debt from the European Union? Here we see illustrated the tortured logic of international finance and dubious morals. What it shows at a very deep level is that if the currency had been owned by the Greek government they might have acted differently and with more regard to the real medium term interest of Greece. As long as it was Europe's currency they felt they were not the full or even the major owner and they could behave as they did with Goldman Sachs.

The debasement of the EU stems from its besetting sin, or error, call it what you like but it permeates the whole construction of the European Union. Pretension. It is not even a European family in the sense that only very few people 'cheat' their family. It is an entity – a Union - to which lip service is paid when the term Union is useful, ignored when it is not. Until the EU becomes a country with its own democratic legitimacy, its members will flout its rules and put its own country's interests first.

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[5] Elisa Martinuzzi, "Goldman Sachs, Greece Didn't Disclose Swap Contract (Update1)," Bloomberg, February 17, 2010, http://www.bloomberg.com/apps/news?pid=newsarchive&sid=asBNXSLtlN9E, accessed August 14, 2011.

[6] Nick Dunbar, "Revealed: Goldman Sachs' mega-deal for Greece."