

Britain's Guardian writes "in praise" of Lord Myners

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The arrogance and social disengagement of the layer allied with New Labour was typified by the *Guardian's* editorial March 18.

At just 255 words, the editorial must rank as one of the newspaper's briefest. It is also probably one of its most shame-faced—and with good reason. Entitled "In praise of...Paul Myners", the *Guardian* leapt to the defence of the government's financial services secretary, (aka city minister).

Myners has deservedly come in for some flak for signing off on a "golden handshake" agreement that enabled Sir Fred Goodwin, former head of the Royal Bank of Scotland (RBS), to pocket a pension worth more than £20 million.

The award was especially generous given that RBS had just recorded the largest corporate loss in British history and that, as the terms of Goodwin's pension was being finalised, the bank was in negotiations with the government to bail it out with £20 billion of public funds.

The little matter of prospective state ownership—the government now owns 70 percent of RBS—was not going to prevent the board ensuring that its upper echelons could continue to maintain the lavish life-style and privileges they so obviously did not deserve.

Sir Fred had overseen the £24 billion loss by RBS in 2008. But rather than dismiss him, the board deemed his departure voluntary. In terms of Sir Fred's contract, the difference between voluntary and involuntary departure was worth some £11 million. It also agreed to record Goodwin as having joined the pension scheme aged 20, when he was 40; allowed him to select his annual earnings figure from the best year over the previous decade; and to bring forward his full pension to age 50—earning a total annual pension of £703,000 a

year.

It has subsequently been revealed that RBS permitted Sir Fred to take a £3 million cash advance on his pension, and had even agreed to pay the tax on it—making it worth some £4.5 million.

Of course, Sir Fred is not alone. In the UK and internationally billions are being paid out in bonuses, pensions and other perks via various "financial stimulus packages"—courtesy of working people's taxes—to the self-same financial elite that oversaw the greatest financial crash since the 1930s. The RBS board was not indulging in altruism, or misplaced generosity. It was protecting its own.

Lord Myners, however, was supposed to be different. He was meant to be acting on behalf of the government, and by dint of that, in the public interest—especially when it was clearly going to take a direct and massive financial stake in RBS.

He has been described as a man "who has to understand the detail before he can make his judgement". Not in this instance. Myners claims not to have known about Goodwin's pension deal. He told the Commons Treasury Select Committee earlier this week that he was the victim of an "elaborate ruse". The RBS board had "bent over backwards" to provide its ousted chief executive with an "outrageous" package, he complained, by allowing him to leave the company when it could have dismissed him.

"I did not negotiate, settle or approve Sir Fred Goodwin's departure terms. All these issues were handled by RBS", Myners stated. He did acknowledge that he had been told the pay-out to Goodwin would be "enormous", but "I did not ask how much", Myners stated. "It was not for me to micromanage", he said. He trusted those involved because "these are distinguished people".

Other reports state that Myners was indeed told the size of Goodwin's estimated payout. At the Select Committee, Myners was asked, "Either you were party to a very expensive piece of back-scratching, and it was only later when the prime minister found out about it that you pretended you had not approved the full details, or you simply failed in your duty to protect the taxpayer and allowed Sir Fred to walk away with a pension of £673,000-a-year for life. Which is it?"

"Neither", Myners replied. "I was given no information, I sought no information".

A case of hear no evil, see no evil.

The *Guardian* was positively enraged by the attacks on Lord Myners. "Sometimes British public life has a way of creating pantomime dames out of real people", it complained. Poor Myners had been brought in to "try to sort out the catastrophic mess that was once the British banking system", only to be vilified as "a venal, slow-witted, naive, hypocritical, sycophantic establishment booby".

In reality, his lordship is "a rather complex figure who defies easy stereotyping". The former *Telegraph* journalist, highly successful fund manager, and former chair of the Guardian Media Group, has been through several "incarnations", it editorialised, "both at the heart of the establishment and wary of it. He has made millions himself while being sceptical (rightly, it turns out) about many practices within financial services".

"[He is a] bit of a bruiser who collects modern art", it continued. "It may well be that he dropped the ball on Sir Fred Goodwin's pension: then again, he had an entire banking system to prop up that week".

It is not necessary to give any credence to those trying to pinpoint a handful of individuals, rather than the entire economic set-up itself, as the root cause of the economic crisis, to acknowledge that Myners indifference to Goodwin's "enormous" payout is symptomatic of the social layer that orbits the City of London and its political representative, New Labour.

It is this that has caused the *Guardian* to leap to the defence of its own former chair.

Myners was ennobled and parachuted into government as the banking crisis erupted last year because he was considered to be an expert on the City.

In addition to being chairman of Land Securities Group, Britain's largest quoted property company,

he has been involved with Coutts, NatWest, Lloyd's

Market Board, IMRO, Bank of New York, the Bank of England and the hedge fund GLG Partners, which made millions by short-selling shares in the failing Bradford & Bingley bank.

It was his involvement with the latter, as well as the fact that he was a donor to Gordon Brown's Labour leadership campaign, that made Myners appointment as city minister so controversial at the time.

According to the *Daily Mail*, when the Northern Rock bank was put up for auction following its collapse, "Myners was lined up to become its chairman if private equity group JC Flowers succeeded in its bid to take over the bank.

"Yet, at the same time, he had joined the board of GLG", the hedge fund was "betting heavily against Northern Rock—'short selling' 13 million shares, gambling that they would fall".

Myners would find nothing at all extraordinary in Goodwin's handshake. The *Daily Mail* recorded that when he made his first real break in the City--taking over as the chief executive of the pension fund manager Gartmore in 1985—he became the highest paid fund manager in Britain.

At the weekend, the *Sunday Times* revealed he had earned £200,000 in a year as chairman of Aspen Insurance Holdings, a Bermuda-based company that avoided paying more than £100 million a year in taxes.

Small wonder that Myners told the Committee, "One has to admire, in a non-approving sense, the dexterity of Sir Fred Goodwin in respect of his contract".



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