

Trinity College Cambridge
Sunday 17 February 2013

THE SEVEN DEADLY SINS: GREED

Jeremiah 8: 1–11 Luke 12: 1–15

Catherine Barnard

I have been asked to talk about greed. As a lawyer – and an *EU* lawyer at that – you will no doubt think that I am supremely qualified to talk about greed. The EU's current budget is 142 billion euros; it is estimated that 600 million euros is lost to fraud alone.¹

As for lawyers, it is well known that Jonathan Sumption, now of the Supreme Court, delayed taking up his place to represent Roman Abramovic (fee well over a million). And there is a well-known story about a QC asked to address a group of solicitors on the question 'Has the Insolvency Act worked?'. His opening line was 'When I look down at the prancing horse on the steering wheel of my car, I know what the answer to that question is'.

So these all look like blatant examples of greed; and, as we all know, Gordon Gecko excepted, greed is bad. Any child knows this from *Charlie and the Chocolate Factory*, that parable of the consequences of greed: Augustus Gloop almost drowns in the hot chocolate river he is so desperate to drink from; Violet Beauregard consumes so much gum she turns into a giant blueberry; and Veruca Salt, so desperate for a squirrel, ends up in a waste chute. Only the impoverished Charlie Bucket is duly rewarded for his generous spirit by becoming the owner of the biggest sweetshop in the world.

But what might be greed to the outsider may be justified remuneration to Lord Sumption and our Ferrari driving QC. This leads to an interesting declension of the verb:

- *I* am being justly rewarded, but
- *You* are greedy
- *He, she, it* is taking more than their fair share, but
- *We* are acting in justified self-interest.

And this brings me to the EU – the main focus of what I want to say this evening. David Cameron has announced that if his party wins the next election it will hold a referendum on the UK's continued membership of the EU. Many think that the UK will vote resoundingly against: this is borne out by recent polls which show that 49% would vote against and only 32% would vote in favour (the rest being unsure).

¹ <http://www.eubusiness.com/news-eu/economy-budget.ffz>

The UK has long had a complex relationship with the European Union. We refused to join in 1957 when the original EEC Treaty was adopted, finally joined under a Conservative prime minister in 1973, but had a referendum on the UK's continued membership in 1975 under Labour.

However, it was under the Conservative prime minister, Margaret Thatcher, that the tensions between the UK and the EU became most pronounced. She famously declared that 'We want our money back' – the EU is taking more than its fair share from the UK; and she successfully negotiated a budget rebate of what is now worth about 3.6 billion euros. However, her argument that she was acting in 'justified self-interest' was seen as uncooperative at best, greedy at worst, and it has become a long running sore. Why should the third richest state in the EU be demanding a budget rebate? And why, at the time of the most serious financial crisis since the 1930s, should the Germans be expected to shoulder the vast burden of the costs of rectifying the situation?

Ah, comes the reply, but it was not the UK's fault that the eurozone got itself in this mess: we always knew there was a fundamental flaw in the structure of the EMU agreed at Maastricht in 1992: namely monetary union without economic union. It is simply not possible to have monetary union, where interest rates are set centrally, without decisions on expenditure also being taken centrally. So long as expenditure is determined by the states at national level – the present situation – states can – and did – live beyond their means on loans benefitting from the cheap interest rates. This model was bound to fail – as it did in 2008. So it seems to be justified self-interest for the UK not to get involved in sorting out the mess.

Yet, the big four British banks are exposed to the debt of Greece, Ireland, Italy, Spain and Portugal to the tune of £174 billion. About 2.5 million people owe their jobs directly to exports of goods and services to EU countries and a further 900,000 jobs have been created indirectly by trade with EU states. So there is a strong argument that the UK has a financial and moral interest in being involved to get things sorted out. The UK is not an island which can float in the icy waters alone. We might be geographically separate but we are economically – and socially, culturally and politically – connected. So-called 'justified self-interest' becomes myopic and self-defeating. International organisations – like colleges – depend on generosity of spirit and cooperation to work for the benefit of all. The moment that one member starts demanding more than their fair share is a recipe for disaster for the unit as a whole.

In which case why don't we leave the EU which could function well without the threat of a magpie in its midst? We would also not be bound by 'unnecessary' Brussels regulation, in particular the UK's *bête noire*, the Working Time Directive. That directive, which limits the working week to 48 hours (referenced over 17 weeks), has generated an awful lot of sound and fury. In fact, it is more often honoured more in the breach than in the observance. (Certainly, there was no evidence of Willy Wonka ensuring the oompa loompas respected the Working Time Directive.) Further, Treasury figures suggest we would be £8 billion better off each year if we were not having to make our contribution to the EU's budget. This sounds like prudence, not greed.

But let's put these facts into context: the UK's total annual expenditure is about £700 billion; so our £8 billion contribution to the EU is about four days' worth of government expenditure. Putting it another way, EU membership costs about £120 per year per head of population. Put this way, pulling out of the EU to save a few quid sounds not like good housekeeping but folly.

And we would lose in other ways too, including the £2.7 billion in subsidies paid by the EU to British farmers. Moreover:

- We would still be bound by EU rules in respect of any products imported into the EU (and we would have no say in the drafting of those rules)
- British goods would be subject to tariffs on imports into the EU: the *Economist* suggests that cheddar will be subject to a tariff of euro 167 per 100 kg, stilton euro 141
- The potential loss of the British car industry to mainland Europe
- The City of London would probably be marginalised; and although the City might be freed from (some) EU rules, a lot of those are derived from international rules which the City would still be bound by.

And this is not to mention the loss of prestige and political influence that comes from being a member of a big club.

Some eurosceptics argue that they simply want to renegotiate our relationship with Europe, repatriate some powers but keep the internal market intact. This is a disingenuous argument. It is just not possible to disentangle the core of the internal market from other policies. Take public health. At first sight it looks like an ideal matter to be left to the member states. Now think about this example. Some member states allow tobacco advertising in newspapers and magazines; others do not on the grounds of public health. The UK, which has allowed tobacco advertising in its products, finds that its exporters cannot sell their products in a number of member states.

The solution: object to any EU legislation because it affects public health and sell fewer goods, or agree to EU legislation because it will benefit the sales of British goods. Pragmatism dictates the latter and this is what the UK has done so far. But this example shows how difficult it is to disentangle the single market from other policy areas like health.

Suddenly, what starts out as justified self-interest becomes self-defeating self-interest. Or just plain greed and stupidity. Perhaps our continued pursuit of an illusory fair deal from Europe will lead to the UK ending up chasing Veruca Salt down that chocolate factory waste chute.