Bad times visit our betters in Europe

by Debra_J_Saunders

LONDON â€” Think that credit collapse that triggered the Bush administration's $700 billion bank bailout was necessary because of Republican hostility to regulation and the ineptness of President George W. Bush?

If it were that simple, then British Prime Minister Gordon Brown and his Labor Party would not be squirming, and the United Kingdom would not be swimming in staggering sums of debt.

It was not that long ago that market watchers hailed Brown as the savvy Euro-technocrat who, as the United Kingdom's former chancellor of the exchequer, understood capital markets and calmly navigated British finance through the storms that swamped Bushdom last year. When the Halifax Bank of Scotland was on the verge of collapse in September, Brown began working on a takeover of the bank by Lloyds TSB â€” for which the prime minister was hailed as a hero who averted a crisis.

But the deal did not save the empire. Instead, it helped sink Lloyds, requiring government intervention. British taxpayers now own a 43 percent stake in Lloyds â€” which may grow. Some wonder if Brown will have to nationalize Lloyds.

Oh, yes, and last week, the Sunday Telegraph reported that Lloyds was planning to pay 120 million pounds ($171.72 million) in bonuses to top execs.

Sound familiar? This part is, too: There were Cassandras in both countries warning of impending disaster. Earlier this month in Washington, whistleblower Harry Markopolos testified before the House Subcommittee on Capital Markets about how he had figured out back in 2000 that financier Bernard Madoff, who now has admitted to bilking investors of a whopping $50 billion, was a fraud. Not only did Markopolos find and document evidence of fraud, but worse, he repeatedly handed the information to Securities and Exchange Commission staff. Staff members either didn't understand the information or did not care.

Now Brown has his own Markopolos. His name is Paul Moore, the former head of risk management for Halifax Bank of Scotland. Before a House of Commons Treasury Select Committee this month, Moore testified that he warned the bank between 2002 and 2005 that the sales-driven culture under bank head Sir James Crosby would lead to ruin. "You know the adverts that beg you to buy more? People must be protected from falling into so much debt," Moore told the Independent on Sunday.

For his troubles, the bank canned Moore, then worked out a 500,000 pound ($715,515) legal settlement that demanded his silence.

It turns out that the man who fired Moore for issuing this sage advice, Crosby, later was named by Brown to be the No. 2 regulator at the Financial Services Authority. After Moore's testimony, Crosby resigned, but the damage to Brown was done.

Moore also told the Independent, "Brown presided over a policy based on excessive consumer spending based on â€¦ massively increasing property prices, which were caused by excessively easy credit which could only ultimately lead to disaster. But no, in Gordon's mind it was all caused by global events beyond his and anybody else's control."

The word from No. 10 Downing Street is that Brown has "no regrets" about the Lloyds/HBOS deal. Tory leader David Cameron now calls the merger "a bad decision," and others have cited the "no regrets" line as proof that Brown is out of touch and unable to admit mistakes.

It's easy to kick Brown, even if the Lloyds/HBOS merger â€” and his boast at the time, "We have changed the competition law" â€” may have kept the economy from sinking faster and deeper.

The moral of the story: No matter which party is in charge, leaders are likely to be too cozy with people who make big money. In the end, Brown would have been better served with a friend named Paul Moore than a colleague named Sir James. (President Obama, take note. Maybe you want to share your BlackBerry address with Markopolos and Moore.)

The other moral: Throughout the Bush years, Democratic critics spoke as if every problem would be dealt with smoothly under different leadership. But in the United Kingdom â€” one of Our Betters in Europe, with European higher taxes and commitment to liberal regulation â€” their very European Union oversaw the same credit craze that occurred under the bumbling, right-wing, go-it-alone Bush.

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