Profile Peter Sutherland

The great grandee

BY TOM LYONS

It was just another Goldman Sachs Christmas party in London. Then the distinctive "dancing man" Guinness music began, and the figure of Peter Sutherland skipped across a screen to the cheers and laughter of the assembled investment bankers.

"It was classic Suds," a friend recalled. "This is a guy with huge intellectual capacity, really liked and respected in Goldman. He has achieved so much on the world stage, but he is also prepared to poke fun at himself."

Last week, after 20 years as chairman of Goldman Sachs International, Sutherland announced that he would retire from the investment bank at the end of June. Near the end of a stellar career, he now faces his biggest challenge as the special representative of the Secretary General of the United Nations for Migration and Development.

Sutherland was described last week, by a friend of 30 years, as "the best networker of his generation. He has a larger life than personality. He has the ability to rub along with everyone, while being forcible and prepared to seize the moment when he sees it".

A leading Irish businessman said: "He knows everyone. He is great company. The sort of person you could sit beside on an 11-hour flight to San Francisco and never get tired of listening to. However, you'd need a wheelbarrow to carry all the names that he'd dropped!"

Behind the gregarious personality, there lies a steely determination that has taken Sutherland to the top.

Factfile

Age: 69

Appearance: former rugby player with a taste for good suits and fine dining

Newsworthiness: has retired as chairman of Goldman Sachs International

Born in 1946, he received a Jesuit education in Gonzaga, the private south Dublin school. His passions in school were rugby and debating. An old friend recalled him as being popular but down to earth. When he drove his friends to teenage discos, he would often ask them to split the petrol bill.

After leaving school, Sutherland studied law in UCD (where he later funded, and fundraised for, the Sutherland School of Law), as well as captaining his university rugby team, before going on to play for Lansdowne Rugby Club.

Sutherland remains close to his schoolfriends, who include Garrett Sheehan, the High Court judge, and the late Barry Bresnihan, who toured with the Lions before becoming a professor in rheumatology. Ardagh boss Paul Coulson is also a friend, albeit of a later Gonzaga vintage.

"Peter is very loyal to his friends. He is very charitable, and has helped people in hard times. He also has a huge amount of time for young people, and has given hundreds of them career advice down the years," said a source who previously worked with Sutherland. "At Goldman, he supported Irish people like Richard O'Toole or Basil Geoghegan."

But that still lay ahead of him. After shining as a barrister, in 1982 he was made Ireland's youngest ever attorney general by the then taoiseach Garret FitzGerald.

Like FitzGerald, Sutherland supported the 1960s ideas of Declan Costello, the politician behind Fine Gael's defining manifesto of the time, Towards A Just Society.

In 1985, Sutherland went to Brussels, where he took the Irish seat on the European Commission. His was a liberal agenda, as he set about breaking down economic barriers and increasing competition.

He also established the Erasmus programme, which allows students around Europe to study in other universities. "He really redefined this role in Europe," a former senior civil servant said. He was tipped for greater things, and was considered a potential candidate as president of the European Commission.

Sutherland, who married the Spanish-born Maruja, came home to become chairman of AIB from 1989 to 1993. Later, it would emerge that Tony Spollen, a friend of Sutherland since school in Gonzaga, but by then the head of internal audit in AIB, had written an internal memo pointing out to his superiors that the bank had a contingent liability of about £100 million in respect of unpaid Dirt tax.

In 1999, when the matter was investigated by the Dirt inquiry, Sutherland claimed the bank's response had been "rapid".

"We did everything possible to examine the situation, and concluded that there was no past liability, on the basis of what the bank believed had been agreed with the Revenue Commissioners," he said.

Boardroom challenges

By the time of the Dirt inquiry, Sutherland's career had gone international again. He was an impressive director general of the General Agreement on Tariffs and Trade (Gatt, later the World Trade Organisation) until 1995, when he began to move back into the private sector.

That year, his presence on the international stage was rewarded with a job that would not only boost his profile, but substantially add to his fortune when he became general partner and chairman of Goldman Sachs International. The venerable Wall Street partnership was on the up, with a stock market listing in the offing.

It was unusual for the Wall Street titan to appoint an outsider, but its then chief executive, Jon Corzine, said Sutherland was "the right person at the right time for Goldman Sachs".

He did not move to London straight away, instead commuting from his home in Donnybrook during the week to the bank's London base in Fleet Street, in the Art Deco building that once housed the Daily Express. Sutherland still comes home to Eglington Road regularly for rugby matches, and to see his grandchildren here.

As the main man for Goldman Sachs in Europe, he benefited from the decision in 1999 to end its partnership. With a stake of 0.52 per cent, Sutherland was one of 221 partners whose fortunes would be worth in the tens and hundreds of millions.

Sutherland was also chairman of British Petroleum from 1997 to 2009. He faced challenges in the boardroom, but his experience as an adviser to Tony Ryan, in his groundbreaking aircraft leasing GPA days and everywhere else, made him adept at dealing with them.

Within BP, Sutherland was seen as an effective chairman, but all his skills were needed to deal with the resignation of the company's chief executive, John Browne, after a scandal following Browne's admission that he had lied in court.

As his career has unfolded, Sutherland has been festooned with awards; he accepted an honorary knighthood in Britain, but has declined to use the title. He has also advised the Vatican on its financial affairs.

The only real mark on his career was his role as a non-executive director of British bank RBS from 2001 to 2009. The collapse of RBS under its disgraced former chief executive Fred 'The Shred' Goodwin cost the British taxpayer £36 billion.

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Sutherland also played a role in Ireland's financial crisis, both publicly and behind the scenes. In January 2008, at the World Economic Forum in Davos, he told an Irish Times reporter that he remained optimistic about Ireland and the world's prospects.

"It is a very serious crisis, but I don't think it's Apocalypse Now," he said. "We should be able to come out of this, unless we talk ourselves into an even deeper recession."

Irish businesses, he said, had to bring their costs "seriously under control", but he concluded: "I don't think Ireland is suddenly going to fall back to the position that it occupied before our recent series of very successful years."

Even with his near-unique access to information, Sutherland, as we now know, got it badly wrong. Within nine months, Ireland was well on its way to needing a giant economic bailout.

Notably, Sutherland was among the high-rolling investors in bank funding company ISTC which lost €60 million when the business collapsed, becoming the first big victim of Ireland's financial crash. Other investors included Denis O'Brien, Lochlann Quinn and Johnny Ronan.

During the financial crisis, Sutherland was one of a number of people who were sounding boards for Brian Lenihan, the then minister for finance. He had the Rolodex to connect Lenihan to anyone in the world. After Fianna Fáil focused domestically during the prolificacy of the boom, Lenihan listened to his big-picture view.

In September 2010, Sutherland gave a speech to the Institute of Directors in Dublin, where he said that an "air of fatalism, consistently nurtured by negativism" had taken over Ireland.

Sutherland told the IoD that the Financial Times and others were wrong to make the "classical market economist case" that the Irish government should burn the bondholders in failed banks.

He said that while he agreed with this in principle, "to remove such protection now in the case of Anglo Irish Bank might not well be a wise course of action".

He added that, by September 2010, Ireland had already paid off most bondholders in Anglo, leaving only €5.1 billion left to burn.

"The risk of taking any such action is that the price would then be paid by the remaining Irish banks which still require external capital and funds, and by the government itself, which then needs to deal with the increased losses arising from a more immediate wind-down of Anglo Irish Bank," he said.

Sutherland's advice, while unpalatable, was close to unavoidable by the time he came out with it. He said Ireland had to reduce its spending drastically, a policy which his old party Fine Gael implemented when it came to power the following year.

In Fine Gael, Sutherland is spoken about with a degree of reverence and awe – perhaps the grandest of the party grandees. The greatest taoiseach the party never had, say many. And though an intellectual, he is keenly aware of the tribal nature of much of Irish politics. He was once asked (perhaps half in jest) to buy a table at a Fianna Fáil fundraiser. "Ah, come on," he replied. "You know I can't do that."

Sutherland was very much of the metropolitan, liberal wing of the party – much more Garret FitzGerald than Enda Kenny. He is not thought to be close to Kenny, though sources say he has been consulted regularly by Michael Noonan, and by Phil Hogan in Brussels.

Hogan's directness and reputation as a political bruiser have often seen his political skills underestimated. But he has an appreciation of how power works that Sutherland would recognise. Sutherland's son Shane, a senior official in the European Commission, works in Hogan's cabinet there.

Sutherland operates at the very apex of the global financial and political elite, and he continues to open doors for Ireland. "If Noonan had a problem with the ECB, he could ring Peter. Peter could ring Draghi. That's the level he works at," said one source who knows him.

'Indelible impression'

Last year, Sutherland was given a lifetime achievement award by Ernst & Young at the annual entrepreneur of the year awards. In a short film introducing the award, a series of business leaders paid tribute to him: Michael O'Leary, Hugo MacNeill, UCD president Hugh Brady, and so on. EY's Frank O'Keeffe presented the award, telling attendees: "When the history of Irish enterprise is written, Peter Sutherland will have etched an indelible impression."

Sutherland, recalls one person who was present, spoke brilliantly and enthralled the audience, "even down to the feigned embarrassment at receiving the award". Like the Jesuits who educated him, Sutherland is one of the best in the world at humility.

His decision last week to give up the power of Goldman Sachs was not taken lightly, and he is determined to devote himself to his new UN role.

"The fundamental issue here is saving people who are drowning in the Mediterranean . . ." he said earlier this month. "This is not about getting into battles about quotas when we are facing a humanitarian crisis."

"He is going to have a very hard job trying to persuade politicians to agree," one senior source said. "Peter doesn't have a background in social affairs. This is a very complex issue, with no easy answers. Lives are at stake. How do you create a sustainable policy that is satisfactory to all? This is by far the greatest challenge that Peter has ever faced."

Sutherland now must use all of his skills of persuasion to devise a solution that is acceptable politically on one of the world's most pressing issues.

Ireland's ultimate insider now finds himself as point man for the ultimate outsiders: the poor of the world seeking a better life elsewhere.

Doctors believe that the under-sixes GP plan cannot work

Ruairí Hanley

On April 9, amid much self-congratulation, the government announced the introduction of "free" GP care for all children under six years of age. Unfortunately for our leaders, there is one slight flaw with this plan – thousands of doctors appear to have little or no intention of agreeing to it.

Without medical professionals on board, this entire project is destined to end in failure.

The background to this looming fiasco requires some explanation. Irish general practitioners are independent contractors, not HSE employees. In return for providing continuous service to medical card holders, each GP receives an annual payment, regardless of how many times the patient attends.

This arrangement has allowed the state to provide basic care on the cheap for decades. Thus, while other nations typically spend 10 per cent of their health budget on primary care, in Ireland the figure is closer to 2 per cent.

The current government pledged to extend medical card eligibility to the entire population. Initially, the plan was to first give this benefit to those with long-term illnesses, but this was abandoned for political reasons, in favour of children under six.

One of the doctors' unions, the Irish Medical Organisation (IMO), entered negotiations on this proposal earlier this year. However, the National Association of General Practitioners (NAGP), which represents 1,200 GPs across Ireland, was deliberately excluded from these talks.

Although it is rarely aired publicly, there exists a significant degree of hostility between the rival medical representative organisations.

Until a few years ago, the IMO enjoyed an effective monopoly on GP representation. That changed in late 2012, when it emerged that their former chief executive had retired with a package worth €9.6 million.

As a result of this controversy, many doctors left the IMO. According to the IMO's annual report, the number of members of the IMO dropped by more than 1,200 in 2014 compared to the previous year. It was in this context that the NAGP emerged from the shadows and quickly attracted hundreds of new members.

Despite this substantial support, the government has consistently refused to meaningfully engage with the new organisation.

The "under-sixes" deal is therefore the IMO's baby.

In theory, given that it results in an additional €67 million for GPs, the agreement should have been welcomed with open arms. Yet the response to date has been one of widespread hostility among many colleagues.

There are a number of reasons for this.

First, the NAGP has already decided to oppose free GP care for under-sixes on general principle. It believes that that money would be far better spent assigning medical cards on the basis of clinical need, in particular to those suffering from serious illnesses.

Such a stance is ethically admirable, and certainly strikes a chord with doctors who, contrary to the opinion of some idiotic cyber-commentators, are not money-grabbing psychopaths.

The second reason for widespread rejection is the fate of those approximately 50 per cent of Irish under-sixes who already hold a medical card.

Incredibly, the agreement states that if the GP caring for these children does not sign up, he or she will have their patients removed and assigned to another doctor. Even among those in favour of the new deal, there is outrage that an existing agreement can be torn up in such a cavalier manner. The NAGP is seeking a legal injunction on this matter.

The third major objection revolves around potential workload. Although it is considered politically incorrect to point this out, medical card patients on average attend far more frequently than their private counterparts, largely due to the absence of any financial barrier to discourage such behaviour.

The fear is that surgeries will see a flood of healthy children attending with minor sniffles, while sick older patients quietly suffer heart attacks as they wait for an appointment.

Given the existing pressures on general practice, this is a major cause for concern, albeit one that our populist politicians have no intention of addressing.

Over the last month, these issues have been at the heart of an increasingly intemperate debate taking place within general practice.

The NAGP did not cover itself in glory when it likened the new deal to "apartheid" and began quoting Nelson Mandela in missives to GPs. The IMO also issued an irritable statement denouncing attempts to "coerce" GPs into making a decision.

Even the Irish College of General Practitioners (ICGP), an academic body whose spokespeople are rarely given to hyperbole, described doctors as feeling that they had "a loaded gun being held to their heads".

Having followed this discussion for some time now, I believe that less than 50 per cent of GPs will sign up for "free" under-six GP care. In some regions, that figure will be much lower. Given that the deadline for acceptance is tomorrow, it is very difficult to see how this will be sustainable or practical for patients.

The government now finds itself in a nightmare scenario.

Not only will it have failed to provide free GP care to all children under six, but it also looks set to effectively deny existing medical card holders their choice of doctor.

Parents of these children should be rightly concerned by these developments.

Faced with this chaotic shambles, I have no doubt the Department of Health will be forced to delay the under-sixes deal for several months. After that, it will be back to the drawing board.

Dr Ruairí Hanley is a GP