Sarah Samson:

Good morning and welcome to everyone joining NAB's Capital Markets virtual conference, and of course, welcome back to those who listened to this morning's economic outlook session. Today's sessions are being recorded, so if you do miss any, they'll be made available post event via our business research and insights website where you'll find hot topics, latest trends and expert opinions from respected commentators, NAB economists, and leaders of Australian businesses. It's well worth a read.

Our next session is a big one featuring Nick Bryant, renowned former BBC correspondent and author. Nick will draw on his vast experience as a foreign correspondent and interviewer to provide us with insights on current global political instability and what it might mean for the Australian and global economies. Remember, we do invite questions from viewers, so please feel free to send questions via the live Q and A function, and time permitting, these will be responded to live or directly on the Capital Markets conference event site. Please join me now in welcoming Nick Bryant.

Nick Bryant:

Sarah, thank you so much for that introduction. It is such a pleasure to be here. I've always felt an affinity towards NAB, partly I suspect because my full name is Nicholas Andrew Bryant, so this is a case of NAB meets NAB. It's taking personal banking to a whole new level. I also want to thank you for actually sticking with a human being. There must have been a temptation today to go for artificial intelligence and ChatGPT. Thank you for sticking with me. I did have a play around with the software last week. It seems to think I'm a major Australian bank, which is deeply worrying.

I'm realizing the importance at the moment of lived experience. I've always thought that's a tautology, of course experiences lived, but in this world of artificial intelligence, I think the lived bit and the real life bit is really coming into its own at the moment and my lived experience over the past 25 years is to have covered American politics back to the Clinton years. I've covered every single president since Bill Clinton. In the post 9/11 years, I covered some of the conflicts that came about as a result of the Bush Administration's war on terror and the attacks of 9/11. I spent a lot of time in Afghanistan.

It was in South Asia that actually met my Australian wife and I came to Australia at a time when there's an awful lot of political conflict here. Canberra almost looked like the killing fields. Canberra became the coup capital of the democratic world. You were changing prime ministers more often than Chelsea Football Club changes its managers, and it was a strange time to be here because at a time of great economic stability, this wonder from down under economy, you had this political stability and it was slightly paradoxical, but maybe it was part of the same thing. It was a politics of prosperity. It was slightly frivolous as a result, very different times now, which we'll talk about in a bit.

From Australia, we went back to America and it was an extraordinary time to be there. Obviously the rise of Donald Trump. I got to meet Donald Trump about nine months before he came down that famous golden escalator and launched his bid for the presidency. I met him in Trump Tower. We were talking about the end of his casino empire. He wanted to do an interview with the BBC to say that, "I've got nothing to do with the collapse of my casinos. I divested years ago." He wanted to tell the world through the BBC that the sun still off his golden signage. And it was a very interesting to meet him. I was slightly worried. Trump is famously a germophobe. When I put out my hand, I wondered whether he would actually shake it or not, but he not only shook it, he was incredibly warm.

"It's a great honor to meet you," he said. He was polite almost to the point of obsequiousness. It was almost as if he regarded a BBC as an offshoot of the British royalty. And as he took me into the boardroom of Trump Tower, which is nothing like the boardroom on celebrity apprentice I should say, it's not this kind of wood panel firing chamber that we see on television, it is actually a very beautiful room, lovely views down to Central Park down Fifth Avenue, very stylishly decorated. And we were chit-chatting before the red light of the camera went on and Trump was very lucid. He was very charming, he was very sensible. He was very reasonable. He was very friendly. This was a time when he enjoyed the company of journalists. He didn't call us fake news and try to get his rally crowds to turn against us.

But when the camera came on, it was almost like Trump adopted a different persona. He became more performative. He started boasting more. He started saying more outlandish things. He started saying some conspiratorial things. One of the mistakes I made when Trump became president and the shock of that night was to think that the Trump that occupied the White House would be like the Trump that met me at the lift and spoke to me before the camera went on. A reasonable Trump, a sensible Trump. Every single president talks about how entering the White House is a humbling experience and you adopt a sort of almost more humble persona than when you're on the campaign trail. But with Trump it was completely different. We saw the red light on camera version of Trump times a hundred. I was on the inaugural platform when he delivered that extraordinary inaugural address and the moment he talked about America's American carnage, we just realized that we had entered a very different political world.

Speaking to you today reminds me a little bit of my university lecturers back in 1989, and another period that was just this extraordinary swirl of history. 1989 was the year that the Berlin Wall came down, of course. 1989 was the year of Tiananmen Square. 1989 was the year that we saw so many revolutions in Eastern Europe. And a lot of the lecturers who were lecturing in subjects like international relations, like economics, like political theory, like European history, would sometimes make a great play of ripping up their lecture notes because they have been overtaken by events. They had been obsolete. 1989 of course was the year that Francis Fukuyama wrote his famous essay, the End of History, which spoke about how liberal democracy had become the ultimate form of government. It no longer faced any challenge from authoritarianism or anywhere else. Liberal democracy has won. The storyline seemed quite simple. The Berlin Wall had come down, democracy had triumphed.

Well, one way I think that we should be thinking about this present moment is the end of the end of history. That period from 1989 until more modern times, liberal democracy really was in the box seat. But of course we've seen it come under great challenge recently. That obviously has come to a head in Ukraine. Putin's attempt to invade Ukraine and dominate Ukraine has obviously had these huge knock on effects. As a result, we've seen an energy crisis. As a result, we've seen a food crisis. As a result, we've seen an inflation crisis, and as a result of that, obviously we've seen the fastest and the broadest spikes in interest rates in 40 years when fighting inflation really became the centerpiece of economic policy.

On top of that, of course, we have seen the dislocating effect of covid that we are still seeing, the disruption to supply chains, the shift in corporate thinking away from efficiency to resilience, big changes in labor markets. One of the things that we've seen in the United States for instance is older workers just haven't returned back to work. We've seen the great resignation. We've seen women, especially in the workplace, find it very difficult to continue pursuing those careers and that has all been hugely disruptive.

Overlaying this is the environmental crisis that we find ourselves in. The last few years have really brought to the fore the full extent and the full perils of the climate crisis. And on top of this, you've got other destabilizing factors like artificial intelligence. I remember once being in New York and during that phase I got to know Antonio Guterres, who's the Secretary General of the United Nations, and I once asked him, "What keeps you awake at night?" And I expected him to say, the climate emergency, and if not the climate emergency, I expected him to say the rise of a belligerent China, and if not the rise of a belligerent China, I thought, "I lie wake at night worrying about Vladimir Putin."

Always worth remembering by the way that Putin came to power on the 31st of December, 1999. That was the night that we really feared the Y2K bug would cause chaos around the world. Well the Y2K bug came in a human form and it was Vladimir Putin. And ever since we have been seeing a lot of the chaos that he has spread. But none of these things were at the forefront of Guterres's mind. His big concern, his worry was the impact of artificial intelligence and especially the marriage of artificial intelligence with increasingly sophisticated weapon systems. In 2021, we believe we saw the first fatality that was caused by an autonomous weapon system in Libya. That was the thing that kept Antonio Guterres up at night.

So we're living in the midst of what people are calling a polycrisis. Indeed, the Collins English Dictionary last year said the word of the year was permacrisis and it is an incredibly confusing time to be in. I think one of the obvious market implications of that is a kind of hyper vigilance of the markets to any change in fiscal planning, to any change in government policy, and we saw a classic example of that in Britain last year. Liz Truss becomes the prime minister, understandably. She wants to promote growth in what has been a sort of sluggish British economy. Big problem for advanced economies all over the world is to try and improve productivity right now and to boost economic growth. But the way she did it, of course, was to promote these unfunded tax cuts and Kwasi Kwarteng, who was her chancellor, he stood before parliament, he unveiled this mini budget.

And literally as he was speaking in real time, the pound is falling off a cliff. The markets are going into meltdown. Days later it emerges that the pension funds are really vulnerable. Within days, Kwasi Kwarteng has gone as chancellor within weeks, Liz Truss has gone as Prime Minister and it would've happened quicker had it not been for the death of the Queen. So there is going to be this hyper vigilance right now from the markets towards what is happening in policy.

As we enter economic bad times. I also worry that bad economic times often produces a bad and an ugly politics that can produce economic policy that actually makes the economic bad times even worse. I think we saw that after the great recession of 2008. I know you call it the global financial crisis here, and you managed to sell through it, but in the rest of the world it really was the great recession and in places like America and Britain, it produced a fairly ugly politics. Politics became very kind of nationalistic, it became very populistic. There was this kind of nostalgic nationalism that Trump played to in 2016 and Brexit was a result of in 2016 as well. And I think that kind of politics can produce some bad economic policy. In Britain's case, of course, it meant the exit from the European Union, which I think most economists in Britain would agree and which has been validated by events since was an act of economic self-harm.

In America, the kind of anti-china rhetoric that helped Trump get to the White House and the anti-immigrant rhetoric that helped him get to the White House produce some pretty ugly protectionism in the trade wars which haven't been particularly helpful. And that politics can outlast the people who prepared the politics. The TPP was the centerpiece of the Obama administration's Asian pivot. The idea that you needed this trade alliance to act as a counterweight to China. While Trump got rid of it and Biden who would be supportive, otherwise, has decided that politically he just can't do it, reenter. So these bad politics can play out in a bad economics that makes the economic situation even worse.

I've sound sounded pretty gloomy up until now. I guess the good news from last year was that 2022 didn't turn out to be 1939, and there was a real concern that it would be in the early days of the Russian invasion. There was a fear of a scenario like the Taliban's advance on Kabul where Kiev would've fallen in a matter of days, that the Russian flag would be flying above the presidential palace in the Ukrainian capitol very quickly. And of course if that had happened, then China might have been emboldened to actually do what Putin did to Ukraine in Taiwan. And thankfully that didn't happen.

What we saw in Ukraine I thought was quite surprising. First of all, I think we were surprised by the resilience of the U Ukrainian people. I think we were surprised by the sort of bravery and alacrity of the Ukrainian military. And of course we were hugely surprised I think by the leadership shown by Volodymyr Zelenskyy, this sort of modern day Winston Churchill. He used to be a comedian. He rose to prominence in Ukraine from playing the Ukrainian president on television in a satirical comedy. But his leadership has been extraordinary and the way that he has harnessed the weaponry of modern day information warfare, devices like TikTok, Telegram to promote his message of resilience within Ukraine and also projected that internationally through these extraordinary addresses to parliament that he's delivered early on via Zoom more recently in public in person.

What we've also seen, I think, which has been reassuring is the resurgence of the West. America has tried to reassert its global leadership. Biden who has always wanted to see himself as the leader of the free world has tried to do just that in Ukraine.

We've also seen the European Union act in a kind of more cohesive way and step up in a way that it hasn't in foreign policy in its history and some really strong leadership from the European Union as well. We've seen Germany completely reverse its defense policy ever since the war. I mean sending weaponry into an active war zone, which would've been anathema only a few years ago. Boris Johnson was almost impersonating Winston Churchill. We have seen leaders like Anthony Albanese make the pilgrimage to Kiev in the same way that international leaders used to make the pilgrimage to West Berlin. That has all been great to see, the resurgence of the West. A lot of people just thought the western world, the liberal order would just fold straight away. Thankfully that did not happen.

But the story is a little bit more confused. We not only saw the resurgence of the West, I think we've seen the indifference of the rest and that has been a real worry. Nobody expected China to condemn Russia and it hasn't. But more worrying in votes of the United Nations, in the General Assembly and the Security Council is that countries like India, the world's largest democracy has abstained from criticizing Putin, so too has Brazil, the Southern Hemisphere's biggest democracy, so too has South Africa, a country that we pin so much hopes on after the release from prison of Nelson Mandela and the end of apartheid as this beacon of democracy in Africa, they haven't condemned Vladimir Putin. And if you actually look at the votes in the United Nations, the countries that represent about 58% of the world's population have not condemned Putin's invasion. So this narrative that is sort of taking hold that West is fighting back, they're beating the bad guys, it's just not as straightforward as that.

Another narrative that took hold at the end of last year was that democracy had this great year and again this great resurgence and there was a lot of evidence to support that. Some of it came of course from the midterm elections in the United States where a sensible majority of Americans really did show a commitment to democracy. Joe Biden ahead of the midterms really had put democracy on the ballot. He said, Trump is January the 6th. A lot of the big lie believers who falsely claimed that Biden won the election fraudulently were beaten. A lot of these Republicans who were trying to get their hands on the mechanics of American democracy at the state level so they could subvert the results of 2024, they were beaten. And that was a very positive development.

People like me who really are worried about the state of American democracy could breathe a little bit of a sigh of relief after the midterm elections. Often midterms are a referendum on the sitting president. These midterms ended up being a referendum on the previous president and in many ways they're a repudiation of Donald Trump and he's been weakened as a result. There's no question about it.

In the French presidential election we saw Macron see off the challenge of Marine Le Pen on the far right. In Brazil, Jair Bolsonaro, who is often described as the Trump of the tropics, he ended up losing that election as well. I think a Britain under Rishi Sunak looks more stable democratically than a Britain under Boris Johnson who was showing some sort of Trumpian tendencies towards the end of his time in office.

The Australian election I think fits within that paradigm as well. One of the things that I really noticed about coming from America to Australia about 18 months ago was a kind of worrying Americanization of the political scene here. It was disturbing to me to see Trump flags, the sort of flags that I'd seen in Mississippi and Michigan, being paraded on the streets of Melbourne. I found it worrying that there were people who were parading the gallows through the streets of Melbourne. This struck me as a kind of street Trumpism that didn't really strike me as recognizably Australian. It seemed more American. And I guess some people would think that Scott Morrison was sort of showing shades of sort of post-truth prime ministership and pursuing culture wars that felt a little bit more American than Australian.

And I think what we saw in the election was a kind of revitalization of democracy. I mean the most obvious manifestation of that I think was this teal movement that emerged a grassroots democratic movement that has really had a transformative effect on Australian politics. Sure, the trend lines were similar to what we've seen elsewhere in the world, the decline of the two major parties. But I think the rise of the greens, the fact that you've ended up with an Australian parliament that looks more representative than any other, the fact that there's more female representation, it speaks of a, it seems to me democracy is stronger in Australia at the end of last year than it was at the beginning, and that seems to be part of a global trend.

But it's by no means sort of universal. When you look at the French presidential election, for instance, Macron won, sure, but Marine Le Pen still got 40% of the vote. In Brazil, Bolsonaro was defeated, yeah, but he got 49% of the vote and then his supporters of course tried to stage a Brazilian version of January the 6th by invading the Congress building, the presidential palace and the Supreme Court in Brasilia. So that was deeply worrying.

In Italy, we saw the election of the most far right leaders since Benito Mussolini. In China, of course, Xi Jinping ended up increasing his power for another five years and the Congress ended up doing that kind of strong man power play where they escorted Hu Jintau, his predecessor, out of the building, which was hugely humiliating and a sort of worrying sort of totalitarian play. So in terms of the democratic scene, there's a lot to be reassured by, but there's also a lot to be worried about.

When we talk about the battle between democracy and autocracy, we are really talking of course about the battle between China and America and those that thought that the Trump years would be followed by a period of kind of rapprochement and a softening of American policy towards China have probably been disappointed. Biden is a Cold War warrior, he said last year when he met Xi Jinping that he didn't want the relationship to become a Cold War, but America's acting like it is in a Cold War right now. Sure, you don't get the shrill anti-China rhetoric from Biden that you got in the Trump rallies where he'd sort of talk about the China virus during Coronavirus and he'd talk about how the Chinese had raped the American economy, using really strong language like that. But in more measured tones, Biden says things that are just as worrying and just as problematic for Beijing, not least his repeated assertions that America will defend Taiwan.

And I know those comments always get walked back by the White House afterwards. There's this sort of thing, "Well, Biden's getting on, you know, can't take everything he says at face value." But I think you can on that one. And although American policies makers would say the policy of strategic ambiguity remains the same, we still support the one China policy, I don't think Biden kind of sees it like that and when he speaks about defending Taiwan, he really believes it and you just have to see the policies that he's put in place, the attempts to limit Chinese access to semiconductor technology, the increased military footprint that America is putting in place in this region, in Guam, in the Philippines, the support for Japanese militarization, I think at the north end of Australia, you're going to see a big bigger American presence in the coming years.

Definitely that relationship is problematic and people like Jake Sullivan, the National Security Advisor, have made it very clear as has Anthony Blinken, that the aim of America is not only to secure its dominance, is to secure a big gap between the power of America and the power of China. And we see the danger of that in moments like this where you do have this situation with the balloons and whatever they are, the danger of events like this spiraling and becoming more problematic.

Often we thought talk about the Thucydides trap when we talk about the rivalry between America and China, that based on this Athenian philosopher, the Athenian historian who looked at the war between Athens and Sparta and basically posited the theory that if a great power is challenged by an emergent power, then inevitably it ends in war. And I think that's the frame that we have tended to look at this. And I'm not sure if that is actually the correct frame. Rather than the Thucydides trap, I often think of what I call the snare of status anxiety and it's this idea that both these major powers are in decline and one of the things that's driving policy at the moment is a need to assert their status.

You can see the decline of China in the population figures that were released last week, the fact that the birth rate is declining at a very quick rate. This week alone, India will overtake China as the most populous country in the world. You're not seeing the returns in terms of GDP growth that we've been seeing in recent times. There's obviously been a lot of anger over the Covid restrictions. On that point, I was just talking to somebody in China who reckons that one of the reasons why Xi actually lifted the Covid restrictions was because he had actually had it himself and he realized that in many forms it just wasn't as bad as he feared. And that was one of the reasons why he ended the lockdowns that had led to these protests in places like Shanghai that were completely unprecedented, unprecedented because they were very personally directed against him in the way that the Tiananmen Square demonstrations weren't personally directed against the Chinese president back then. We've also seen sort of youth unemployment in China at a very high level.

So there is this worry that one of the things that is driving him is this fear that if we are going to do anything now in terms of asserting Chinese power in the region and taking over Taiwan, then we have to do it soon while we are still at the sort of peak of our power rather than the decline of our power. As they say. The thing that worries me in that relationship is really the snare of status anxiety because I think America's in decline as well. I mean having lived there for the last eight years, I don't know how many of you have been going back and forth during that time, but the idea of a United States of America I think is sounding increasingly oxymoronic. I think it's almost like a continent now shared by warring tribes. We are seeing a level of polarization that we have just never seen since the Civil War.

Often people say, well, the 1960s were a period of great turbulence in polarization, but there was a key difference. The politics was workable back then. There were moderate Republicans and moderate Democrats who would work together to solve national problems. There was a spirit of patriotic bipartisanship that was partly driven by the Cold War. The enemy very clearly was a Soviet Union. The enemy was not the Republican Party or the Democratic Party. And what we've seen in recent decades is the end of that kind of Cold War consensus in American politics and this rise of hyper-partisanship. And I think if you look at indices all across the board, I mean America's life expectancy is declining. The only advanced nation in the world where that is happening. You obviously have this problem of mass shooting epidemics, you have the problems with police killings, you have the problems of a country where in some parts you can get an abortion and other parts can't.

Again, creating a country where you literally have two parallel legal systems at the moment, and this is hugely, hugely problematic I think. And again, it creates this sense of status anxiety in America and I think Biden is so determined to show that America is the force that it always has been that some of that is driving his foreign policy.

On American politics, we'll talk about presidential politics in a moment, let's talk about congressional politics for now because I think that probably has more market implications at the moment. The worry about the debt ceiling negotiations, that's really terrifying for me as these negotiations in recent years have become ever more sort of climactic, a lot of brinkmanship, a lot of over the cliff sort of negotiating at the final hour and it works out in the end. But I think politics is just getting sort of crazier and crazier in many ways.

And even though the midterms, as I said, showed that it was a sensible majority amongst the people of America, I'm not sure there's a sensible majority on Capitol Hill at the moment. And for instance, I mean, the Republicans who are in control of the House of Representatives, most of them actually returned the night of January the 6th after the insurrection and did what the Insurrectionists wanted them to do, which was to vote to overturn the election. As you saw with the chaos surrounding the election of Kevin McCarthy as the house speaker. There are a lot of chaos merchants right now in the Republican caucus and because the Republicans got such a narrow victory, a narrow victory than they wanted and expected in the midterms, there was no red wave, it was more of a red ripple. Kevin McCarthy just hasn't got the numbers. He needs to push things through, like the debt ceiling deal and it could fall to people like Marjorie Taylor Greene and these other people whose role in politics seems to me is a sort of blow up Washington rather than make it work.

And blowing up Washington in this instance obviously has consequences the world over, which is really worrying. There is talk in Washington of a deal between moderate Republicans to the extent that they still exist and the Democrats to get a debt ceiling deal. Kevin McCarthy is really pushing against those moderate Republicans at the moment trying to say that totally undercuts my leverage in the negotiations with the White House. We want to see budget cuts here. The only way we can do that is we stay united as a Republican body. But I do worry about the debt ceiling negotiations and obviously the market implications would be pretty catastrophic.

Presidential politics, 2024. Is Trump finished? Well, he's certainly weakened. The January the 6th hearings last year, those televised hearings that we were putting out in primetime definitely weakened Donald Trump, no question about it. We saw that in the midterms. A lot of the candidates that he backed ended up losing, but a lot of the candidates that he backed ended up winning as well. And I just sort of reinforced what I said a moment ago, the Republican Party on Capitol Hill is still very Trumpian. A lot of the people did go into the chambers the night of January the 6th and vote to say that Biden had fraudulently won the election.

I reckon he's still got about 30, 40% of the Republican base. There are these MAGA, make America great again, diehards who aren't going to go anywhere else. And I think you have to still look on Donald Trump as the front runner for the Republican presidential nomination. Could he win if he gets the nomination? I don't think you can rule it out. Trump came very close in 2020 to actually winning the election. Anybody who thought that Biden's victory was a repudiation of Trumpism and Trump, it's just not right. Anybody who thinks that 2016 and Trump shot victory was an aberration, that's just not right.

Trump really was the culmination of a lot of trend lines that have been emerging in American politics and American society for decades. The growing polarization that I talked of, the income polarization, this idea that there's a missing middle in American politics right now because there's a missing middle as well in the American economy, when Trump spoke about the American dream being dead, well that really resonated especially in those Rust Belt States that he won. Bill Clinton always used to talk about building a bridge for the 21st century. Well, if you lived in the Rust Belt, that bridge felt more like a bypass. You weren't benefiting from this digital economy. People felt like castaways in the globalized economy. Those people are still there. And if there had been a shift of about 70,000 votes in three different states, Trump would've been president today.

I think if it hadn't been for Covid, Trump might still be president today. So this idea that Trump was this kind of aberration and that he can't win again, I don't think it's true. I think he can. At the moment, the Republican field is fairly frozen overnight. We saw Nikki Haley, the former governor of South Carolina, declare that she's the first Republican apart from Trump to actually declare for the presidency. But I think what people like Ron DeSantis, the Florida Governor are doing right now, and people like Mike Pompeo who used to be the Trump Secretary of State, they're just waiting because they're waiting to see what happens to Trump legally. He's in so much legal jeopardy. I think they're waiting to see if the Justice Department will map prosecution against him over January the 6th. I think one of the cases that he is in real trouble over is this Georgia case where he tried to pressure a Republican state official to give him 1600 votes that he needed to win Georgia. I think that's really problematic for him.

So I think a lot of his Republican rivals at the moment are just waiting to see how that plays out. And I also think they don't want to give Trump an enemy. Trump is never better when he has a clear enemy that he can destroy. He did that in the 2016 primary campaign. I think people like DeSantis and Pompeo worried that if they raise their heads of the parapet right now, Trump will just try and destroy them early on, better to wait and see how things play out.

On the democratic side, I think Biden will run again. Biden will think he's got a great record to run on and there's an element of truth in that. Inflation has been coming down for the last six months in a row, as you know. He's managed to get some legislative achievements, the chips act on semiconductors and infrastructure bill, which Trump famously tried to get through and didn't. Anybody who's been to America right now knows the need for new infrastructure. It's really crumbling. And again, that's a symbol of its decline in many ways.

Biden even managed to get a gun control bill through. Biden's problem, of course, is his age. I ran into Biden in 2020 when he was first running and I really couldn't believe quite how old he'd got. It such a horribly agist thing to say, but he really was quite doddery on the campaign trail in 2020. I saw him in Iowa and he would deliver speeches that became these rambling soliloquies. He would see somebody in the audience that he recognized and this would remind him of a story that involved their father or their grandfather and their grandmother and he'd go into detail about this story and the anecdote wouldn't serve any political point, and a lot of the political speeches were like that.

In Iowa and New Hampshire, the states that really scrutinized presidential candidates and really carry out the vetting process very carefully, they looked at Biden and they thought he was past it. He came forth in Iowa, he came fifth in New Hampshire. But then came covid, he could hide away in his basement. A lot of the moderates in the Democratic Party rallied around him and he won the nomination and then he obviously went on to win the presidency. I still think Biden is the best candidate that the Democrats have. He's the guy that can win in the Rust Belt. He's the guy that wins you the three states that you really need to win Wisconsin, Pennsylvania, and Michigan. And I just don't see a better alternative right now for all his faults as a candidate for all the fact that he'll be 82 at the time of the next election and 86 if he serves out a full second term.

I think Kamala Harris, who's the obvious other nominee would face an onslaught of racism and sexism, misogynoir is the combination of the two people like Gavin Newsom, who's the governor of California, I think it's so easy to present a Democrat from California as a kind of uber liberal from San Francisco overly woke or that kind of thing. I think he'd struggle. Some of the senators who've sort of have raised the interest of... I just don't think they've got the name recognition. So I do think that even with his obvious flaws and his obvious slowing down, I do think that Biden is probably their best bet, although it's going to be more challenging in 2024 because he's not going to have the benefit of Covid where he can hide away.

Moving on quickly to Australian politics, I think that the election probably ended what I've always described as a sort of 15 year political recession. As I said at the beginning, there was this kind of paradox almost that you had this extraordinary strong economy, but your politics was incredibly unstable. And as I said, I think that was a result of prosperity. The politics was frivolous because there weren't bigger concerns to worry about an economy that was going downward. And I think ironically now you're going to get the flip side of that where you could end up with a stable politics even at a time of economic instability. I think one of the reasons for that is the Labor Party has actually learned a lesson from the sort of Rudd and Gillard years and they're curbing their sort of cannibalistic tendencies. I think there's a kind of acknowledgement amongst the ministers in the Albanese cabinet that they need to end this kind of internecine warfare and they have done. I think Albanese has been a more impressive prime minister, to be frank, than I thought he would be.

I met him just before the election a few months before the election, and truthfully, I came away a little bit disappointed, but I formed the view that he was a kind of political repairman and that he didn't necessarily have a grand vision for Australia. I didn't think he'd sort of stride the world stage and have the kind of wow factor of a Jacinda Ardern, for example. But I thought he was solid. He was the kind of guy that could carry out the repairs that were needed, especially to some of the sort of democratic guardrails that have been damaged in recent times. And I also thought he could be the sort of prime minister that you could have on in the background. And I kind of thought that after this period of frenzied with politics where you were changing prime minister so often, it would be a good to have that kind of the stability. And so it's proved. Maybe the Q and A, we can talk more about the political situation.

One thing that's really struck me about coming back is how anxious Australia seems to be at the moment to me. I hate to end on a pessimistic note, but I was always struck traveling between Australia and America during the GSD, the Great Recession. You'd literally go from great recession land to GSD land and it was totally different. I remember landing in Bondi one morning, the beach was full, the sun was shining, America was just going to hell in a hand basket. But life in Australia was just the lifestyle superpower of the world that it always is.

I'm not sure that's going to happen this time. And you pick up the anxiety obviously, and you will have much better sense of this in worries about mortgage stress. And I think some of the polling on climate change as well is really interesting. How many Australians now look at places like Lismore that are seeing once in a generation, once in a century, climate events that are happening every few months and they worry about the environment, they worry about the economy as well. And it does seem to be quite an anxious time.

That said, it is wonderful to be back. We will spend the rest of our lives in Australia. We want to raise our kids in Australia. I still believe this is a lifestyle superpower in the world. I still believe we're blessed to live here. It's a wonderful, wonderful country and it's been a real pleasure to talk to you this morning.

Sarah Samson:

Thank you very much, Nick. We've had plenty of interest in the session as you can imagine. So we'll try and get through as many questions as we can. So starting close to home. So in global terms, how significant a player do you think Australia is these days?

Nick Bryant:

Oh, look, I just think Australia should really not be called the lucky country, which was always meant ironically by Donald Hall. I think it should be called the consequential country because as the locus of global economic activity has shifted from the Atlantic to the Pacific, Australia has just become such a central country. I mean, I'm often struck by how a lot of the national language is the language of the tyranny of distance and the antipathies, which is basically defined by its geographic position to Britain. The land down under, it sort of assumes an irrelevance, but it seems to me that Australia is just front and center right now, not least because it's front and center in the two biggest geopolitical challenges of the next decades and the rest of the century, which is how to deal with the rise or the decline of China and how to deal with climate change. I mean, Australia is right in the middle of that.

I think Australia's preemptive in politics. New labor was basically a copy of Hawke and Keating. A lot of the immigration policies that have been pursued in Britain in recent times really borrow a lot from John Howard. It's going to be interesting to see. I think there were three trends that emerged from the 2022 election. One was the feminization of politics, which was symbolized by the teal movement. I think another one was the Greening of politics, which was symbolized by the so-called Greenslide in Queensland of all places for the Greens. And I think there was a kind of interesting communitarianism about the politics, a lot of local grassroots politics that I think was a product of covid. The fact that so many people spent so much time in their local communities, that they reconnected with their local communities. And I think the teal movement again benefited from that.

It's going to be interesting if that sort of thing gets picked up as well internationally. The easiest way in Britain at the moment in White Hall to get a British minister interested in a policy idea is to tell them it was made in Australia. And I think that speaks of the influence that you have. I mean, we used to talk about the cultural cringe. Australia's got this huge cultural cloud. I think in so many areas of national life right now, Australia is just hugely consequential. And in a time when the big major powers might be in decline, it's the middle powers that might be coming into their own. And I think it's a really interesting moment for Australia.

Sarah Samson:

Thanks, Nick. Further from home, but with far-reaching consequences for us all, how do you see Russia-Ukraine playing out? We're coming up to the one-year anniversary of the invasion and there's no resolution seemingly on the horizon.

Nick Bryant:

Yeah, I said that 2022 didn't turn out to me 1939. Was it 1938? I mean was it the prelude still to a much bigger confrontation. And that worries me right now, heartened I am by the way that Ukraine has fought back against Russia. You kind of worry that they're going to do too well in some ways. They're obviously getting their hands on better military equipment. We've seen in the early weeks of this year, sending some of the great tanks, the Challenger tanks from Britain, the Leopard tanks from Germany, the tanks from America as well. They're getting their hands on this technology. They want the fighter jets as well. It is great to see them pushing back against Russia, but you kind of worry what Putin would do if they make too many advances. And I think that's a concern that Putin might do something crazy like use a battlefield nuclear weapon.

Would've been unthinkable up until recently. But so much as what's happened in the last few years has been unthinkable. Who'd have thought we would have a world that was shut down by a coronavirus, a global pandemic that had such major effects. So I don't think you can rule that out.

Look, wars generally end because one side wins or both sides realize they can't win. And we are not at that stage yet because both sides still think they can try. So I think it's not going to come to an end any time soon. I know that, sure, the Americans would like a negotiated settlement where there's some sort of deal over the annex territories that Russia has already got, but we're not at that point yet.

Sarah Samson:

Thanks, Nick. What are your thoughts on long-term plans and the probability of a move into Taiwan?

Nick Bryant:

Yeah, as I said, I worry about that because I worry about the fear that a lot of the foreign policy right now is based on status anxiety. I worry too that as that compact that has existed, the people get better standard of livings in return for a denial of rights. That compact that has really kind of worked in China for the last 30 years isn't as solid as it was because we're just not going to see the standard of living gains in China that we've seen. Youth unemployment is a really key indicator of this. I think it's at 18% at the moment. And speaking to friends in China, they are worried that Taiwan becomes the great distraction. If there are domestic woes, the easiest strong man play is to have a foreign adventure to distract attention from the problems at home. And I think that is a worry right now that Taiwan will just become a very dangerous way of distracting from some of the problems that are happening within China at the moment.

I mean, China's very interesting. I mean, people tell me that a lot of the bureaucratic reforms actually help produce a lot of the growth over the last 20 years have really been reversed by President Xi. And that he is really brought around him an inner circle that is loyal but not an inner circle that is based on a meritocracy or talent or competence. He's becoming increasingly isolated. And there's a kind of bit of a Putin dynamic here that is worrying. So I do worry about that. But like I said, the heartening thing about Ukraine was the way that the West mobilized. And I think he would've seen that. If the West had folded, if Ukraine had folded, I think we would've been in a very different world. But the fact that it didn't, I think will have a chastening and effect on him, hopefully.

Sarah Samson:

Thanks again. How do you see the tensions over flying objects shot down over the US?

Nick Bryant:

Well, it speaks of how things can unravel. I mean, Blinken canceled a visit and the Chinese had put a lot of store in this visit. So it can have an immediate knock on effect diplomatically. I'm absolutely intrigued what's going on over the skies of America right now. And the context for this is years where the Pentagon and have kind of been releasing videos in sort of carefully selected meter outlets like the New York Times, which is probably the most respected meter outlet in the country, showing these unidentified flying objects that seem to have a technical capability that either shows the Russians and the Chinese have made this huge technical leap, or the Americans have made a technical leap and a bit of the American government hasn't told the other bit of the American government.

There's something strange about this. I noticed the military briefings overnight we're saying, well, we're not going to manage to get the debris from these shot down objects because they're in these hugely inaccessible places. They're in a lake that is really hard to... It's a very odd time and I'm not a conspiracy theorist by any means, and I've never believed in kind of aliens, but we haven't got some good answers yet. And I think it was really interesting to hear that the chairman of the Joint Chiefs of staff the other day say, we cannot rule anything out. And I thought that was fascinating. What's this space.

Sarah Samson:

Okay. Sticking with America, who do you think are the logical or most likely Republican candidates who can take on Trump and beat him?

Nick Bryant:

Yeah, look, I think DeSantis is in the box seat. I think that he's managed to parlay what a lot of Republicans would see as the good bits of Trumpism. And he's sort of managed to discard some of what a lot of Republicans would see as the bad bits of Trumpism, like inciting a rebellion to try and overturn turn the election. So I think he's a kind of Trumpy candidate that a lot of people will like. But I think DeSantis has a kind of bit of a personality problem. They talk about the sort of charisma bypass. He's not this kind of magnetizing figure that Trump is. I mean, Trump does have a magnetism. I mean, like I say, Trump has this 30 or 40% of MAGA support that is just rusted on. I mean, when Trump said he could shoot somebody on Fifth Avenue and people would still vote for him, it's one of the truest things he ever said.

If it's not DeSantis, well, Nikki Haley overnight. I was hugely impressed with Nikki Haley as Governor of South Carolina. I don't know if you remember, there was a terrible shooting in Charleston, South Carolina, an African American church that was targeted by a young man who had draped himself in the Confederate colors. Now, South Carolina at that stage still flew the confederate flag over at state capitol. Nikki Haley, who was the first female governor of South Carolina, an Indian American, she ordered the bringing down of that flag. It was a huge act of political bravery. I've always been supremely impressed by that. Now whether she can hammer home this message that we need a new generation of leaders, she's polling really low at the moment, and I'm not sure if a lot of the conservative movement is ready to be led by a woman. Trump still, despite all his legal problems, despite the history of January the 6th, I think Trump's still is in the box seat and I think it's going to be quite hard for anybody to challenge him.

Sarah Samson:

Thanks, Nick. We could talk to you all day long and we have plenty more questions, but we must move on. And John, that was certainly an interesting thought-provoking and dynamic topic and so relevant to us all.

John Bennett:

Absolutely, Sarah. Look, we're all affected by the current geopolitical environment and certainly our markets are, well, one of the first areas where we see the effects of global change or upheaval being reflected.

Sarah Samson:

We know you'll join us in thanking Nick for sharing his views today. Your contributions have also been most welcome. So thank you to all of those who submitted questions.