

George Osborne and Lord Daniel Finkelstein, OBE | Will 2022 be Any Better Than 2021

- Welcome back, everybody. It is my great pleasure to welcome back actually, George Osborne and Danny Finkelstein. George Osborne is currently the editor of the "Evening Standard," from 2010 to 2016. He served as Britain's Chancellor of the Exchequer, and during that time he was a member of the National Security Council. And he also served as Britain's First Secretary of State. Prior, he was a Member of Parliament. As I mentioned before, he is also the eldest brother of my son-in-law, Theo, which makes him the uncle of my granddaughter, Clara Peggy. And George, you have not met her yet, but she is, as I said before, the splitting image of you. So Danny, great, great pleasure to have you back with us. Danny is a prolific writer, working as both an associate editor and a weekly columnist from "The Times" newspaper. Lord Danny Finkelstein's work has seen him nominated political commentator of the year on four occasions. A member of the House of Lords since 2013, Danny has advised many prominent Conservative Party ministers. Today, they will be discussing, will 2021, '22, be any better than 2020? Over to you gentlemen, we are looking forward to a very interesting presentation. Thank you.

- Wendy, thank you so much. George, hello again, nice to be talking to you. A shame that we're still having to do all these things over Zoom, and I'm not sure we anticipated that would be the case when we last spoke. But let's start with COVID shall we? Because I think before we can map terrain out, we have to look where we are and where we are going to be. So let's start with this. Tell us what your expectation is now, about our, you know, our situation on COVID and how long it'll last and that sort of thing.

- Danny, it's good to be reunited with you in the Wendy Fisher Academy, which we are, we're all alumni of now. And Wendy has produced an amazing amount of entertainment and information and education for us all. The kind of bad news is, Wendy, that it's not over yet. And you're going to have to go on laying on more of these events to keep us entertained in lockdown. And so, you know, I'm going to start with some pessimism and then come on to the optimism. I think the reason I'm pessimistic is that everyone else is optimistic because everyone else wants it over. And so you know, there's no one who doesn't want these lockdowns to end, who doesn't want all the vaccines to work, who doesn't want life to return to normal. And the truth is, as I see it, that is not going to happen this year. The bans on travel are coming in, they're not being lifted. Here I am in London where, you know, we're in a proper lockdown. The schools are shut. My teenage daughter is here with me, learning online. And these new variants, you know, South African variant, UK variant, resilient variant, you know, they're just really evident, no matter where they come from.

And it's not even where they come from, these countries, but it's evidence that this virus is, you know, is going to be a very hard thing to defeat. So you know, I take the view we are going to be in these lockdowns and restrictions for much longer than we would all hope. I don't see, you know, us getting back to a kind of fully free life, even at the end of this year. But on the optimism side, we are getting on top of the virus through the vaccine deployment. Here in the UK, you know, a fifth of the population have now had the vaccine. There's a big vaccine roll out in the

United States. Other countries are slower. But you know, we have done an amazing thing, which is come up with answers to this virus in a way no previous generation would've been able to, and we are deploying it at scale. And it will have a big impact, even as variants emerge, and even if we have to be re-vaccinated and so on. And at the same time as society, because we're humans, who, you know, have ingenuity and innovation, we're adjusting the way that things are done. So you know, the online school that my daughter is receiving now is a lot better than the online school she received six months ago. Still huge room for improvement in other schools, but yeah, we are adapting to this way of living. So you know, I am kind of more optimistic and more optimistic about the kind of longer term impact all of this. But if you're sitting here in February, 2021, I think it's still, we've still got quite a slog ahead of us this year.

- Okay, well, that's the sort of, you know, that's why you think it will go. But let's say that you're a government decision maker and you've got to make a decision now about when you should remove some of these restrictions. So in this country, in Britain, we've got people saying, look, you've vaccinated 20% of the population, almost all of the people over 80 have been vaccinated. Most of the people over 70 have been vaccinated. Everyone in towns has been vaccinated. All the people who are going to die as a result of this are now people who are relatively safe, right? And the cost of staying behind closed doors is huge. So there have been some reports of those denied them, that the Chancellor of the Exchequer has been saying, you know, let's not move the goalpost, let's go early, let's try to get the economy going. What do you think of that argument? Where would you, if you were the Chancellor of the Exchequer, you have the responsibility for the economy, you're worried about the impact on the economy, what would you be advising the Prime Minister now?

- Yeah, no, look, I, first of all, I make a small point, which is I think the job of the Chancellor, having done it, is not just to be one of the voices in the room who speaks for their brief, you know, speaks for the economy, right? Really good chancellors are, you know, the closest advisor of the Prime Minister. And you have to weigh up, you know, the apparent and immediate economic damage, with the damage that might come from a premature easing of the restrictions. And look, let's be absolutely clear from the start, I'm the first person who would love all this to be over. So if I'm sounding, you know, cautious, it's not because I want to be, but it's because I'm thinking as a policy maker. And in this situation, take the UK, which is, you know, apart from Israel, is the most advanced really, at the moment, on the vaccinations. We have got to a place, or we will do in the next week or two, where as you say, almost everyone who is likely to die, who could possibly die of this disease, will have been vaccinated. So we're getting very close actually, to having, by the end of next week, all the over 70s vaccinated. Now, removing the deaths is a big part of the challenge 'cause coronaviruses reaps such a heavy toll of human life, but still have two problems.

The first is, and when I say all the people over 70 will have had a vaccine, the truth is all the people over 70 would've been offered a vaccine. And there is still going to be a significant proportion of the population, even in the UK, where there's a lot of confidence in vaccines, who have not received their vaccine. And these are often the most marginalised communities, the

poorest community, there's ethnic minority communities. That is a very serious problem. You can't just say go hang, you know, you were offered the vaccine, tough luck, right? Because your senior hospital wards are going to be full with people if you've let the virus sort of rip in society again. And then your second problem, which is I would say, an even sort of another problem, but one that I think will be solvable in the next few weeks or months, is that even if people aren't dying of this disease, people are being very debilitated by it. And what all policy makers in the world are trying to avoid, going back right to February last year, are a hospital capacity being completely overwhelmed, such that they can't treat people coming in with these respiratory problems and other things that they can't treat because the hospital's filled up, like cancer. And at the moment, you know, in the UK, if you suddenly, even if you'd vaccinated all the people who are likely to die, you let the restrictions go, your hospitals would be very full, very quickly. And everyone on this call will know people who've had long-term debilitating effects 'cause of this disease.

So I think you're going to have to wait quite a bit until you've vaccinated a larger chunk of the population. You've got to make sure your vaccine remains effective, and frankly, reintroduce lockdowns if the vaccines are ineffective and you need to produce a new booster. And you do, I think then get to a point, certainly in the UK I would guess at around sort of May, where you know, you really have vaccinated most of the population, you're not stopping people being ill, there will still be people who have long-term effects. The hospitals are not going to be overwhelmed and your death rate is dramatically down. And at that point, the balance, you say Daniel, which is at that point, what about other things in our society? What about the right to education, the right to work? What about the long-term mental health effects? They start to outweigh the the costs you're still bearing, of coronavirus. So I think it's a bit of a longer wait and I still think you're going to have this kind of hard problem at the end of the kind of poorer minority communities not receiving the vaccine, and what you can do to improve that.

- Okay, so one of our tasks is to look forward to 2022, and we can look even beyond that. The government's got an interesting question here about timing. One of the reasons that you won the 2015 general election in Britain is because the timing worked out. You went into that election with a growing real incomes and a growing economy, having been through a very hard period. So in 2012 it was very hard for you politically, as you remember and I remember, and by 2015, you won the election. People didn't anticipate that that was necessarily going to happen in the way that it did. No government wants to therefore go into the next general election reducing borrowing and reducing, you know, and giving people a difficult time at that point. On the other hand, the conservative body doesn't want to surrender fiscal conservatism and it can't start now. How do you solve that timing problem if you are Rishi Sunak, or any chancellor anywhere, that you've got to respond with borrowing surely, but you don't want to wait too long before you start to get it back. But if you do it at that time, you'll go into the next general election with a policy of austerity, and you don't want that either.

- Well, let me say the first thing, which is, you know, I'm a conservative, I'm a member of the Conservative Party. I want the conservatives to win things, but at least the next election is not as

absolutely critical to the UK's future as the last election was. Because at the last election there was a lunatic in charge of the Labour Party, an anti-Semitic lunatic in charge of the Labour Party, in Jeremy Corbyn. And it would've been an absolute catastrophe of, you know, difficult to imagine proportions if that man had become the prime minister. This time round, you know, the Labour Party is led by Keir Starmer, and although there are lots of problems in his party and whatever, he is a, Sir Keir Starmer, former Director of Public Prosecutions and he is not a threat to our national security, and way of life in the way that Corbyn was. So I'd say, for people who watching this who aren't, you know, one party or the other or not, Britain, the good news about the next election is it's not, you know, a disaster if the conservatives lose, put it that way. But speaking as a conservative and someone who fought elections before and and chaired for a selection campaigns, yeah, there's a problem. Well, you can't really imagine now what the battlefield of the 2024 and 2025 general election in Britain's going to be like, except that you know it's all going to be about the economy. It may possibly still be about COVID, that's you know, in a worst case scenario where you have new variants and you know, we haven't got on top of them and you know, we have sort of ongoing lockdowns.

Let's not imagine that world. But you know, there is at least the possibility there. I think more likely, the big debate in Britain is going to be about the economy, as it is going to be in other countries. And you know, there is an unfortunately an iron rule of these things, which was the case 10 years ago, was the case back in the late '70s, which is when you have an enormous economic shock. And we have had an enormous economic shock. There is a very painful and long hangover afterwards and there is nothing you can do about it. You can pretend the austerity doesn't exist. You can say this time's going to be different. You can say, oh no, well you know, this time we're focusing on levelling up the country. That is just not going to be the reality in Britain or these other countries in the years after coronavirus. It doesn't matter what you say, the economic hard facts is that Britain will be poorer than it was, pre-COVID, for good reasons. We spend a huge amount of national income trying to get us through this crisis in a way that in previous eras, no country would've been able to do that. It's an amazing achievement of a modern progressive society that you can spend all this money to try and deal with a plague or a virus or a pandemic, and support people during it.

But there is going to be a reckoning. And the reckoning is going to be high unemployment, though perhaps not as high as some people feared, and, you know, above all the public finances. And I remember in 2009, back when I was the Shadow Chancellor, about to become the Chancellor in Britain, everyone was talking about saving the banks. And I was thinking, well the banks are going to be saved. The question, next political question is going to be who pays for that? And you know, certainly my approach then, and its approach I would recommend now is to be straight with people. People aren't stupid you know, that when if you go around telling people go and spend money, it's all going to be fine. They're not idiots. They know that hard economic times are coming or that we're already in them. And they just want to know that there's leadership and there's a plan and that there's a road that will lead to a brighter future. Those rising incomes and the falling unemployment that you spoke about, that we were able to deliver. And we were able to take people on that road and we were able to win a general

election even though all the pundits said, you can't win because you're telling people things have to be, you know, belts have to be tightened and there's going to be austerity. I would take a similar approach now, I would just not lie to people, I would be honest with people. Everyone knows it's been very expensive dealing with this. There're going to be some very hard decisions to take afterwards, but we're going to try and do it fairly and we're going to do it in a way that helps the private sector grow and jobs to be created.

And if you're the party with that message, you're more likely to win than the party that says, no, no, no, it's all wonderful and you know, we can wave the magic wand and it will be okay. And you know, certainly my advice to the Conservative Party and Rishi Sunak, a very effective Chancellor, is to be straightforward about that. He doesn't have to do all the heavy lifting in one go, it's going to take many years to repair things. Part of my advice to the Labour Party, you know, the only time they've won in my adult lifetime is when they went around saying they were going to be tougher on spending and debt than the conservatives. And I would suggest there's a lesson in that for them as well.

- Okay, so let's examine your other thought, which is this living with COVID, we have to live with COVID for a long time. What might that mean? What sort of changes are you anticipating to Britain, and also in indeed, to the world, you know, in terms of economic response, in terms of social response, in terms of healthcare response, that will result from what's happened?

- Yeah, well first of all, I think there are going to be permanent changes to our healthcare system, you know, obviously we're going to have much more kind of early preparation for these things in the future. But you know, although in my experience is there's inevitably always a, you know, an element of fighting the last war about these things. We don't necessarily know what the next thing's going to be. I suspect all these countries, all countries are going to have permanent annual vaccination services, which is quite a large amount of infrastructure to create and sustain, for the coronavirus. You know, I think its mutations are going to be with us for many, many years to come and we're going to have to constantly vaccinate the population. But we do that in many countries with the flu, and we can do that going forward, having created the infrastructure. I think, in economic protection measures.

So I think now there's a permanent expectation of schemes like furlough and central bank activism that we're not going to turn back the clock on. So the next time there's a crash people will expect close to negative interest rates, massive quantitative easing, something approaching monetary financing. And markets by the way are now, you know, assuming that floor on things going forward. And then the final point I make, you know, but everyone on this call have their own views and with their own insight into this. I think the pandemic has, to a degree, accelerated certain changes that were happening in our society, most obviously digitization. So you know, you see in the UK a lot of newspaper commentary on "Save Our High Street," as if, you know, some cut in a tax here called business rates, is going to mean that, you know, everyone's going to keep their High Street stores. They're just not, because we all shop online and it was much more convenient, and we were shopping more online much more anyway. So I

think that change has been massively accelerated by the pandemic and we'll go on and we need to reimagine what these town centres look like, and these city centres look like, not just here but in places like the United States as well.

We need to look at a lot of education, you know, I think the difference in the quality of education that children received in this pandemic was pretty shocking. And frankly, the way we were teaching kids about two years ago, you know, was sort of Victorian. It was, I mean, the arrangements of classrooms was, you know, as it was 100 years ago almost. And you know, we were not making use of technology. I mean, some were, you know, some of the schools we know of, organisations like the Khan Academy in California, you know, which is sort of integrating technology in the way we teach. That kind of thing will also be accelerated by the pandemic. And then, you know, final thing to think about, although there are many or more I can mention, the future of the office. You know, here we all are at home. Some of us have rather enjoyed it, others have hated it. I mean, the organisations I work with, it's often the younger people in cramped accommodation with no social life, you know, not with their families, who have found it very, very hard. I think they will want to return to offices, but they're not going to return, for an employer, certainly in a developed country like the UK or you know, the United States, whatever, that just says, you're going back to five days a week, you know, eight till six, and you have to come in on the commuter train and you have to pay thousands of pounds or dollars to do that.

And you know, that's all we're offering you. Forget it, you know, they will not attract very good people. People will expect a much more flexible employment environment and they will want, and I think working from home will become part of the norm. Because one thing the pandemic did prove was that a lot of those fears about people wouldn't be productive at home, or offices wouldn't be able to function or newspapers couldn't produce their newspaper or banks couldn't do what they do remotely, turned out to be, you know, untrue. So I think the kind of future of the way the city looks and the way the office looks and the way people commute into the city is going to change fundamentally as well.

- Okay, let me just put one thing to you because I'm going to come to the questions mostly at the end. But there was an interesting question from Jackie, and after that, a bit of a challenge. I'm going to read it to you 'cause I'll put it in her words. "Does Mr. Osborne not realise that he played a large part in leaving the UK unprotected against the COVID pandemic? Under his watch NHS funding per capita fell hugely, public health was stripped, social care divested and a million public sector jobs lost and there are now, 2,000 food banks." Well, I'm sure you contest quite a lot of that, but what's your response to that overall point?

- Well, I guess I'd make two responses. I mean, the first is we had a strong economy to be able to afford the enormous amount of public protection that has gone in, and public money. And then, you know, for the, yes, there were the few people working in the public sector, but there were millions more working in the private sector because we had a much more successful and productive economy as a result of the difficult decisions we had to take. And that enables us to

afford all these furlough schemes, and enables us to go into the world and borrow money without people saying, well these guys can't pay it back. So you know, I think first of all, the mantra at the time for those who remember, in the UK was, I went around saying we need to fix the roof while the sun is shining 'cause we don't know what the storm is around the corner. And we sure had a storm. I think, second on the health service, I think there's a kind of, there's definitely a question for all governments, you know, no Western government was prepared for this pandemic. And you know, I don't think there's any evidence that the NHS has done worse than other public healthcare systems because it had less money, which is the charge. If anything, their health service has shown how quickly it can respond to this challenge.

And a lot of the plans we did have in place for pandemic flu were put into action, you know, there was proper planning which was, let's turn wards into emergency units, let's turn, you know, exhibition centres into emergency hospitals, and all of that was not thought up on the spot. I think there is, the question is, could the world have done more, and could the UK have done more to sort of think about what happens if there's a pandemic that's a coronavirus, not flu? And the only countries that were better prepared for that were Asian countries like South Korea, that had dealt with SARS. And no one in the West really did that. You know, the truth is, you know, I know there's a bit of a kind of game of who's got the worst death rate and you know, and many things I'm critical of this government on, but the truth is most Western countries have had very similar outcomes, you know, if you control for their demographics, their population density and so on.

So similar kind of populations have had similar experiences in the West, and I don't know what you could have done because ultimately, the only way to deal with this brand new coronavirus that had that created the COVID-19 strain, was to come up with then, some vaccine. And you know, I've seen no evidence that that could have been done quicker than it's already been done. And certainly in the UK, despite what Jackie says, the NHS has proved pretty amazing at getting the vaccine deployed. And the final point about the care homes, you know, that every country has had a tragedy in the care homes because essentially, those are clusters of very vulnerable people who are most likely to die of this virus. There's a big question of how we provide better social care in the future, but I don't think that necessarily means that care homes are better protected in the future against pandemics that particularly target the very elderly.

- Okay, let's change subject and deal with Brexit. One of the big decisions that has been made now that will have an impact in '21, this year, and '22, and Britain's future. Well, first of all, tell us a little bit, what made it the deal that the government brought back and what it said about the deal.

- Well, I'm going to like, put my cards on the table. I was against Brexit. I thought it would be extremely bad for the United Kingdom. And everything that's happened since has convinced me that it is extremely bad for the United Kingdom. There is no mitigating thing that I've seen, no evidence that I've seen that Brexit turns out to have been a good thing for the UK. You know, I think it has noticeably reduced the UK's standing in the world and that isn't immediately coming

back, and will represent, sadly, a permanent loss of influence for the UK. And there's a permanent long-term hit to the economy, which is almost actually, identical to that, that was predicted not just by the treasurer I was involved in at the time, but the IMF and others before, which was that over the medium term, the UK growth rate would be lower and that the British economy would be about 7 or 8% smaller after 15 years, and that's exactly what we're on track to be. 57 or 8% smaller than it would otherwise have been. So I'm afraid that kind of economic and kind of geopolitical consequences have been painfully obvious to everyone other than those who are supporters of Brexit. What didn't happen was the kind of the complete catastrophe and the collapse of the borders and so on. But I can tell you now that the Brexit deal, whilst it avoided that calamity, and rightly so, why would the UK want to walk away in some, you know, fit of kind of pique and kind of international bad manners, from its neighbours. Nevertheless, there are permanent problems that this Brexit deal leaves in its place, which are by the way, consequences of leaving the European Union.

They're not some sort of surprise. So many, many businesses find that there is not free trade and tariff-free trade with the EU. There are tariffs on the export of manufactured goods. This is, you've seen this in the fashion industry, you've seen it in the clothing industry. You've heard from in a whole number of industries now, coming out, and they all think it's a sort of teething problem with this Brexit deal. It's not, that is the deal. The deal is there are tariffs on when you, export imported goods onto the European continent, and a host of businesses now, as a result of making, you know, arrangements to move some of their functions to Europe. There was no deal at all on services, which are 80% of the UK economy, including financial services and big markets like European equities, carbon emission trading and so on, have moved wholesale to the European continent.

And then some industries, you know, on the shellfish industry, which is, you know, it's small, but think of the destruction that's meant for some individuals. So you know, that's all pretty gloomy and I wish I could kind of give you the upside. The only upside I'll give you is this, is the UK remains a highly competitive, flexible economy compared to many others. And it was that before Brexit, it's a bit less so after Brexit, but it's still going to be a good place to do business because of the rule of law, because of the advantages we have as a sort of pro business environment. And despite Brexit, much of that remains intact.

- Well it's an interesting thing, the last point you made is interesting 'cause it brings up the dilemma as to what remainers do, like you. So you predicted that it would be a disaster, in some ways, if it isn't a disaster it sort of suggests that you were wrong. And if it's a disaster it suggests you were right. The temptation is to kind of keep your fingers crossed that it'll be a disaster, but we will have to live in this country as well. So what is the right stance? Tony Blair has obviously said, look, now it's happened, we've got to try and make a success of it. We've got to try and, you know, do what we can to use whatever positive aspects we can see from it, even though those are difficult to see. Where are you on the, you know, on that spectrum?

- Well, the first thing you know, people don't want to hear is we've got to reengage with the

European Union. These are our largest export markets. They are going to remain our largest export markets because we're only 20 miles away from Europe. And the idea we can, you know, join in the Trans-Pacific Partnership when we're in, you know, last time I checked, the Pacific doesn't lap against our shores, is not a solution. So we have to reengage with the European Union to try and sort out better trading arrangements, and no one wants to hear that. And it's not the mood at the moment. But you know, countries like the United States, have a good financial services deal with the EU so there's no reason why the United Kingdom can't now have one. So you've got to reengage and you've got to accept that we are a European nation, and I think, take a kind of broader view of history, which is, okay, we're not in the EU anymore. We were never in the Euro zone, but we are a European country that has a relationship with our neighbours and we want to try, where we can, to find formal arrangements to work together.

I think the second thing is, you know, and this is the conservative in me, you know, I would say, okay, now we're going to have to be, try harder to be more competitive. You know, we're going to have to do things to make ourselves more attractive as a place to come and do business. Now, I tried to do that when I was Chancellor, by, for example, reducing corporation tax very heavily, business tax, to send a signal that Britain was open for business even in tough times. And you know, and I think that broadly worked. We've got to find ways to do that in the UK. Now, the problem, the political problem, but that doesn't mean it can't be solved, is that that is not what people voted for with Brexit. The people who supported Brexit, and I'm not talking about the very few people who, you know, lived in London and thought this was an opportunity to build Singapore in Britain or you know, cut red tape. You know, they were not the support, the millions of people who voted for Brexit, as we know, were in the marginalised coal and steel communities in the, you know, abandoned fishing ports.

And you know, they were not saying, oh great, let's get rid of more red tape and more protection and let's, you know, I'd like the whole of Britain to become some giant hedge fund. You know, that is not what they were, that's not what they were voting for. They were asking for more protection. And many of the things the government has said since, understandably, 'cause that's what people wanted, was here are the interventions we're going to make to shield us from globalisation. Here are things where the government's going to intervene in the economy. We're going to buy companies that are failing, we're going to provide more subsidies, things the EU would never allow. And you know, I think the danger of going down that approach is it's not really going to deliver for those communities and they're going to be the most disappointed. So, you know, I would still, because you know, and this is my political philosophy, I'd be going for the more, you need basically, the private sector in the UK to say, I've got a pound and instead of saving that pound, I'm going to invest it in more plant, more jobs here in the UK. And you want the rest of the world that frankly, at the moment is like, well, the UK's not necessarily the best place to, you know, put that dollar now.

To think, yeah actually, you know, these guys have got the kind of fires of enterprise going again, and that I need that message to come from the government. You know, I don't know who in the government can do it except that I think Rishi Sunak, the Chancellor, is equipped because

that's basically his philosophy too. And I think that's his instinct too. So a lot rests on his shoulders to just create a kind of feel good factor about investing in the UK.

- Okay, let's do one other topic and then they've got loads and loads of different questions, some of which go back on some of the things that we've already discussed. But I wanted to talk to you about the difference that the change of administration in the United States might make. First of all, did you expect Joe Biden to win?

- I did towards the end. I mean, I think if we'd, when we had this conversation almost a year ago, you know, I think pre-COVID Trump was set for reelection. I think he had done enough with the economy. I think almost all presidents are reelected, four out of five are reelected. And so, you know, I think he was heading for a win, but two things happened to cause him to lose. The first was obviously COVID and his disastrous handling of it. And by the way, COVID, you know, a disaster like that can be tailor made for a government to look like it's in charge, it's a national crisis, not a time to change horse and so on. There's no reason why COVID should lead to a change of government, it was just the way that Trump kind of completely dismissed it and mishandled it and, you know, never took it seriously. That was the first thing. And then second, the Democrats made a very smart choice. You know, they chose, you know, and there's no disrespect to Joe Biden, who I've, you know, been fortunate enough to meet quite a few times in my life. You know, they chose the kind of boring, centrist candour.

They didn't choose some wacky, lefty liberal who might frighten people. They chose the sort of safest pair of hands. And when you're facing an incumbent and you don't want to, you know, you're just trying to be a safe alternative in the in the storm, I thought that was a very, very smart choice. And so really, for the last couple of months before the election, I was predicting in public, that Biden would win.

- Okay, would you go after Trump now, if you were Joe Biden, if you were the Democrats? So they've got this impeachment trial obviously, starting now. They've got various other ways of they can go after him at the local level as well. Would you say, right, let's draw a line under this, we've been distracted by Trump enough. Or would you say we can't let this go, this is somebody who threatened the integrity of the election system, and we can't just overlook that. Where would you stand on that?

- I think the impeachment is a bit of a red herring because it has all the kind of trappings of a trial and then ends up in a political vote, right? So we all know he's going to be acquitted. And so you know, there isn't really the instrument available in the law to hold Donald Trump to account for, you know, really a flagrant attempt to subvert the constitution of the United States. I'm not talking about the capitol riot, I'm talking about, you know, the repeated attempt to overturn the election result. And you know, in a way you have to kind of try and find a way, and I would say this is a task for Republicans as well, they want to face this guy again, consuming and taking over their party for the next election. You've got to find a way, you know, to say that that is unacceptable and to make the public see that it's unacceptable. Not straightforward, I

accept. I mean, I actually have some confidence in the United States because the Constitution did turn out that George Washington and you know, Alexander Hamilton and Thomas Jefferson, they kind of anticipated this extraordinary situation where you get this kind of rabble rousing populist who takes charge and tries to subvert all the machinery of government and tries, in the end, not to hand over power, having lost an election.

And the Constitution held, and the Supreme Court held, and the Congress held. And so you know, basically the system worked. But I do think, you know, that if you care about the sort of future democratic integrity of the United States, you do have to do something about getting back to a system where elections are respected. And that's not going to happen unless the Republicans, you know, continue to sort of distance themselves. There's many who have, from what Trump did. I mean, I do think, the final thing I say is I do think Trump is pretty sort of sui generis, I think he's a very unique threat. You know, just because Trump was elected, which was kind of an incredible achievement, I don't think that means that all our future presidents are going to include kind of crazy, sort of populist business-go-TV reality stars, you know? I think Trump, you know, when I was a child and I went with my parents to New York for the first time, you know, Donald Trump was like a massive famous person back then, right? And he had the Plaza Hotel, I mean you know, he's been a huge figure for a very, very long time.

It's just the political establishment didn't realise that. I don't really, obvious like that American race. But there's a big question why it was with Trump, but other than that it's going to be kind of governors and senators and congressmen, some of whom say things that I like, some of them say things I don't particularly like and I'm, you know, a conservative who broadly supports the Republicans. But you know, it feels a lot like politics is back to normal or at least back, away from the kind of bit of the craziness, which, you know, I take a very tough view. I think it, you know, is a real threat to our way of life if you start pulling apart the kind of things that hold us together as a society and the constitution and underpins it.

Q&A and Comments:

- Right, well, I'm going to go into the questions now and start with one in the Biden area. John Wilford has a question.

Q: And so, "under President Biden, will we see a rapid readjustment back to the pre-Trump global order in 2021 and 2022?" And a subsidiary question, "will the Republicans be a force to be reckoned with for President Biden by 2022?"

A: I'd say, I don't think, to John's question, I think we're going back in some ways, I mean, to sort of normal diplomacy. Just the sort of conduct of foreign policy, you know, has returned to the sort of pre-Trump era, i.e., there are a certain set of people in the United States who are in charge of foreign policy. They are experienced, they do things that are broadly predictable. You can pick up the phone to them and have a normal conversation with them. And if you're sitting in London or Paris or Tokyo, well, that is like a massive sigh of relief after the last four years. And

it's a very, you know, the Biden team has highly experienced people like Janet Yellen and Tony Blinken, and you know, these are characters I've come across and they are very, you know, experienced individuals, even if you don't particularly like their ideology. They are rational and approachable, and a rational, approachable administration.

So you've kind of removed the kind of randomness of it. However, one of the things that of course, Trump rode as a wave, was a feeling that, you know, that we are moving into a much more competitive, sort of great power world. China is this enormous challenge for the world, how it manages, how we manage the rise of China, you know? And so I don't think we're returning to any sort of pre-Trump consensus on China or how you manage this sort of great power conflict. I think it's become a more dangerous, more competitive environment in which at least now, there is a more predictable US actor involved.

Q: Okay, so let me take three questions together. They're all in the same, on the same broad subject. Tom O'Dugan says, "as the heir to an Irish baronetcy in County Wexford, could you expand on your view that Northern Ireland is heading for the UK exit door? Do you envisage the breakup of the UK?" Leslie Kendall says, "was devolution a big mistake? How competitive will the UK be if Scotland and maybe North Ireland leaves the union?" And Fran and Tim Bazan, "do you think Scotland and North Ireland will still be in the UK in 10 years time?"

A: Yeah, well, I don't want to sound like a stuck record, this is all a consequence of Brexit. There was no question, I mean, if you had asked me like, five years ago, would Northern Ireland leave the UK, I'd say no, it wouldn't. But now I think it's quite likely. So that's the first part of this. I think, you know, within the next 10 to 15 years, you will have some, I wouldn't say a united Ireland, but I would say some kind of federated arrangement with the Northern Irish, Northern Ireland, more closely integrated with Sunderland. That is already the case because what happened with Brexit was Northern Ireland was sort of pushed into the Southern Irish economic area as a part of the deal that Boris Johnson delivered, and is sort of part of the EU regime. So already what happens in Brussels is more important in Belfast than what happens in London, economically. So and I would say, you know, there's also another challenge, which is under the Good Friday Agreement, you're required to have a referendum when it appears to be a majority in favour of Northern Ireland leaving the UK.

And so there is a mechanism which is legally enforceable that could force the referendum that would lead to that outcome. And look, I will put my, you know, I think Northern Ireland's a wonderful place and I think it's been a great part of the UK. I don't think it would be as sort of massively psychologically damaging for the UK if Northern Ireland left. I think it feels still like, you know, part and parcel of a kind of a period of English history where we've struggled to deal with Ireland, and a federated arrangement may be anyway, where history was taking us over the long term. Scotland, I feel very differently about. I think Scotland's departure would be psychologically, a huge blow to the UK and the way the UK was perceived around the world. Scotland's an integral part of our history and, you know, Scottish people made enormous contribution to our culture, and the like. Even though it's only 5 million people out of a population

of 65 million, so still be a big country relative to many.

You know, I think the kind of body below to the politic would be a big one. Now, will it leave? The answer is it's much more touch and go than it was when we had a referendum in 2014, and 60% of the population in Scotland voted to remain in. And they were voted to remain in because they thought ultimately, leaving was quite economically risky for Scotland. Because they would leave the UK, they'd have to leave the EU as well because the EU wouldn't want a separatist state, like a kind of Catalonia style situation. And that's pretty alarming if you're sitting in Edinburgh or Glasgow. And it was really the middle classes of Edinburgh and Glasgow that, although emotionally attached to the idea of independence, thought, let's vote with our purse and our wallet and stay in.

Now, the nationalists that are in Scotland have a much stronger argument, which is no, look, we'll leave the UK and we'll join the EU and the EU would definitely let them in. And there are many countries in the EU the same size or smaller than Scotland. So the best argument to make against that is actually the Brexit argument. You know, if you look at the kind of trauma of Brexit over the last five years, if you look at all the questions around the Irish border and the, you know, trade in Dover and all the things I was just telling about, you know, can you imagine how much worse they'd be if Scotland left and you'd have all of those issues in the kind of separation and worse, between Scotland and England.

That's a really strong argument to make. The only problem is the one group of people who aren't going to make it, are the people who are in charge of the British government at the moment because, you know, they support Brexit. So I think we're not deploying the best argument on Scottish independence at the moment, but maybe over time we will. Final point I make on this Daniel, 'cause it's quite a complicated thing, is the big difference between Scotland and Ireland is also this, you don't have to have a referendum in Scotland, you just have to say no. Scotland itself can't hold that referendum. It has to be legitimate, has to be organised by the UK and that means voted on in the House of Commons. And the simplest way therefore not to have a referendum is just not to vote for one. And there is no way around that that I can see, you know, you can't have an illegal plebiscite, you know, the courts would step in and stop it happening. So the best thing is to stop it.

And the only way you might get a referendum, therefore, and why I'm still a bit nervous about the future, is if you had a Labour government in the future that requires Scottish national support to be in government in Westminster, and the price of that support would be a referendum. And it's very hard to see how you could have a Labour government without the SNP support. And so without that commitment to the referendum, and frankly, the rest of England won't particularly care and it won't be a reason not to have a Labour government. So that's the threat and it's more like a five or six-year-away threat.

Q: Okay, let's do a different question. So A. N. Binder and Harvey Cass, have similar areas of questions. A. N. Binder says, "how do you feel about China at the moment, re: business and

human rights?" And Harvey Cass says, "what can the UK and the West do to make a real difference to genocide in China?" You've often been associated with being sort of quite pro the sort of open route to China, and there's also, of course, this whole issue of a rebellion in the Lords and Commons, over genocide and free trade. And maybe you could take all those aspects into your answer.

A: Well, look, absolutely no doubt, you know, what China does in Western China in the suppression of the weaker population, and subverting of democracy in Hong Kong, the way it sabre rattles against places like Taiwan. You know, none of these are acceptable. And indeed, their sort of broader, you know, abuse of freedom and human rights across China. So that's not really the issue. That wasn't the issue 10 years ago, it's not the issue in 20 years time. The issue is what do you do about it? Right? What do you do? The question is not are you against what China's doing? It's, what are you going to do about it that is meaningful? And allied to that is, what are you going to do about the re-rise of this incredible civilization and superpower? Which is, I would say, the central sort of geopolitical question for the rest of my life. And China, for the last 18, and the last 20 centuries, has been the largest economy in the world. It will be the largest economy in the world later this decade. It is one sixth of the world's population. It's the longest established, continuously exists.

It is nationalist, it does have strong feelings about what's its backyard. By the way, you know, when Britain was an empire, we had pretty strong views about, you know, things happening around the world that we wanted to control and influence, and so does the United States. So it's not surprising that China has a lot of ambition, a lot of nationalist feeling, and it's pretty difficult being a neighbour of China. And so therefore, you know, how do you handle this, you know, we're not going to kind of poncy about it, this Thucydides Trap, to use the kind of academic way that people describe it. How do you deal with the fact you've got this big re-rising power in China? And if all you end up with is sort of being a kind of NGO, like, you know, issuing press releases saying it's all great a tragedy what's happening in western China, or you know, we are going to pass, you know, some sanctions against the Chinese president or whatever. You know, I don't actually see that that works. It's a far too big and integrated a country into the global economy. It's far too powerful to have that effect, and the West does not have the appetite or the capacity at the moment to isolate it and contain it in the way it did the Soviet Union, right?

This sort of nonsense that you're going to send a British warship halfway around the world and sort of police the South China Seas, you know, that era ended decades ago. And so you have to find, in my view, a way of accommodating China's ambition to play a part in the world stage, give it a proper, legitimate role in the institutions that we created, that they didn't create, like the UN and the IMF, which reflects the new world reality. And do everything you can to push them through kind of example and pressure in a direction that is more peaceful and ultimately, more respectful of human rights and democracy. And that is the policy that was initiated by Henry Kissinger around the time I was born. It has been pursued by every United States administration ever since, and it's been torn up in the last two years by Democrats, as well as Republicans. And I just see no other plan in place, and I see no other plan in place in Britain.

I don't see a China plan in Britain. You know, on the one hand we want their help to solve climate change at the COP talks in Glasgow later this year. And the other hand we are sort of talking about sanctioning the officials that are supposed to come to that climate change conference. You know, it doesn't add up at the moment, I'm afraid, to a coherent doctrine. And so we need one, it needs to reflect the threat that China faces, the challenge that China faces. But also reflect the reality of the power that China represents.

Q: Okay, let's ask a completely different question, Richard Ross, "in 2012 when Chancellor, you considered reducing tax relief for charitable donations. Do you accept that was a mistake and far more philanthropy should be encouraged for not only the money, but ideas and input by donors, to benefit society?"

A: Well, what I tried to do in 2012 and succeeded, was to restrict the relief that people could claim. So you didn't have a situation which you do have, where people pay no tax at all, no income tax because they essentially take their earnings in capital gains and then all their income tax is offset against charitable donations. And frankly, there are charitable foundations, you know, which do a bit less charity and quite a lot of, you know, supporting the lifestyles of the people in the foundation. I'll be blunt. And I think, if you address those problems, you then allow for the incredible philanthropy and incredible generosity that most people, you know, demonstrate in amongst this group of people, to flourish. And you don't have these examples of these abuses and scandals.

So I was trying to address the scandals that will bring down the whole system and lead to a future government just sort of banning that kind of relief. So you know, I think you've got to have a tax system where it's not possible for the very wealthy to pay no tax. If you have that system, then people, I can tell you, are far more hostile to the wealthy, than me. I'm a hostile, you know, are going to come in and change it all, and that's what I was really trying to address, and we did change it, you know, in ways I think that addressed quite a lot of that abuse.

Q: Okay, David Elman has asked this, "what about the UK and Iran and its nuclear threats to any stability in the Middle East? Do you have thoughts on the Abraham Accords?"

A: Well, I was a supporter of the Iran deal that the Obama administration did, with the support of the UK, with the British conservatives and the Germans and the French and indeed, the Chinese and Russians, because I found the alternative not very palatable. And look, I have absolutely, you know, no time for the murderous, misogynistic regime, theocracy in Tehran. And I think for some reason it, you know, it still doesn't get as bad press as it should, frankly. But you have to ask yourself what's the alternative? The alternative is a military strike on Iran. I can tell you the Biden administration is just never going to do that, right? I mean, the Trump administration wasn't going to either, and without the US support, Israel, for all its incredible capability and an amazing ability to protect itself, does not, from what I've seen, have the ability to knock out Iranian nuclear capability. It needs the United States' support and the United States

is not going to get itself involved in a war with Iran.

And so given that option, and that was never, you know, one that the Israeli government really wanted to hear at the time, the peace process though, that the Iranian deal was, in my view, the best way forward. And of course has, you know, I remember back then everyone saying Iran was one year away from owning a nuclear bomb. Well, you know, five, six years later, they're not. So it did work and so I dunno whether it's going to be exactly revived in the way that the Biden administration has promised, or it's going to be some sort of new variant. But essentially, some kind of diplomatic containment of Iran is better than relying on a kind of, you know, sort of Osirak raid style approach to Iran, which is just, Iran, I'm afraid, is too far developed with this nuclear programme to pull that off.

Q: Okay, Michael, we've got time to just probably just squeeze in two questions. Michael Hurst says, "can you tell us your view on the possibility of vaccine passports?"

A: Well, I think vaccine passports are happening, right? So anyway, regardless of whether the government sanctions them or not, 'cause I think it's going to be extremely hard, later this year, to go on a plane, you know, to go into many offices, to potentially go back to the theatre when they're reopened or whatever, without proof that you've had the vaccine. And either the private sector will provide that, or your doctor will provide it in the UK, or the government can organise that in a way that's robust. And it's already the case. You know, the government says here, it's not really planning COVID passports, it's not true, right? For a start, they created a national database of everyone who's had the vaccine. You don't have to do that unless you want to have some sort of COVID passport system. And second, they give everyone who goes and gets the vaccine a card anyway to say they've had the vaccine.

So they are working on that passport system, and I think it's better ultimately, organised by a government. Other government's working on it too. And I think it will actually deal with the problem I was talking about right at the beginning, which is it'll put a kind of gentle or maybe not so gentle squeeze on those who don't want to get the vaccine. You know, you could compel them to have the vaccine. And after all, we compel people to, you know, serve on juries, to pay tax, as I was just saying, some countries to be conscripted. It's not unreasonable, you might say, to compel people to have the vaccine because that provides general public protection, not just for the person vaccinated. I think, more likely to work is to make it very difficult to operate in society and to get a job without having had the vaccine. And that to me, is at least the approach I'd like to try first.

Q: Okay, one last question, Gerald Rheingold, "George, as a fellow Old Pauline, and ex investment banker, why have you chosen, as your next move from the "Evening Standard" and so forth, to join Robey Warshaw?"

A: Yeah, well, Robey Warshaw is an excellent institution, which is, it's an investment bank and advisory service on some of the big M&A deals that happen here and around the world. And I'm

very excited to be joining as a partner. I'll tell you the truth, which is I'm 49 years old and I want to try something new. You know, I was Chancellor of the Exchequer in my thirties and forties. I've edited a newspaper and you know, I don't want to be one of those ex people who's always talking about their exploits and wheeled on as the ex chancellor. I want to be the current person, and a very exciting opportunity has come up to be a partner at Robey Warshaw, and to be involved in some of the most exciting business transactions we're going to see in the next few years.

- Well, George, thank you very much indeed. Wendy, let me hand back to you.

- Yes, well thank you to both of you. Thank you for this excellent presentation and a very stimulating hour. Wow, are we living in interesting times. So many challenges around the world. You know, I just think that the UK's decision to leave Europe, together with a shocking COVID pandemic has certainly left the UK extremely vulnerable. We could only trust that the government will deliver a plan that will stimulate the economy and hopefully instil hope and confidence in the future of the country. George, I'd like to wish you good luck in your new job, and Danny, good luck with your new book. We are looking forward to hearing from you on that. So I'd like to thank both of you. You know, the two of you were amongst the first supporters of Lockdown, when we launched nine months ago. And I remember being so excited that there were 380 devices tuned in, it was a record number then. Today, there were almost 2,000. Thank you for being so supportive and being part of our family. It's always a pleasure having you with us. And to all our participants all over the world, thank you for joining us. On that note, I'll say enjoy the rest of your day, and goodnight. Thank you.