

[Transcript] The Rest Is Politics / 146. Putin vs. Prigozhin, the power of Lebedev, and the battle for Southeast Asia

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Welcome to The Restless Politics with me, Rory Stewart.

And me, Alistair Campbell.

Alistair, a lot to get through today. We're going to begin, of course, with Russia, Ukraine, because we're right in the aftermath of this mutiny by the Wagner or the Wagner group.

Then we're going to talk about Boris Johnson's relationship with Russia, and in particular with a man called Lord Lebedev. Then we're going to talk about interest rates and what's happening in the British economy. And then we're going to talk a little bit about Southeast Asia and what's happening in Southeast Asia, a region we haven't studied much.

But where would you like to begin?

Well, let's start with you're a Wagner man and I'm a Wagner man.

But yes, it's a funny one that I mean, obviously, the German composers called Wagner. But for some reason, a lot of the Russian analysts that I talked to call it Wagner, so I'll need to get to the bottom of this. Well, it's probably because they've named it. Is it not named after Wagner?

Well, there's a lot of that nobody will say. So neither it's founder nor its owner is prepared to say what it's named after or why it's called that. It might just be a set of letters if I have nothing to do with the great, the great somewhat right wing musician. Now, yeah, well, you said when we did the emergency podcast at the weekend, you said something quite interesting, you said this could turn out to be sort of fizzle out in no time, I think we were talking days, or it could become a major turning point in the whole conflate. I mean, at the moment, it looks like fizzle out. But at the same time, listening to people like Alex Younger, the head of former head of MI6 and listening to Secretary of State Tony Blinken yesterday and other analysts, they seem to be thinking it's like, if not a turning point, quite a big moment in the decline of Putin.

It's unbelievable, isn't it? So just to remind listeners very quickly what happened since our emergency podcast. So Prugoshin got quite a long way, or at least his people got a surprisingly long way up the road towards Moscow. Up the M4. Up the M4, that's it. Looked as though the National

Guard, which was these interior ministry troops that were meant to be defending Putin, were not really intervening. They were falling back. There was footage of Moscow apparently being prepared for defense against their attack. And then suddenly, that evening, an announcement came that the president of Belarus had negotiated with Prugoshin, not negotiated with a man that runs the Wagner Wagner Group, and that Prugoshin had decided that in the interests of peace and stability, he was going to turn his troops around. He was going to go into what seems to be exile, probably in Belarus. And the whole thing was over. There's been some great descriptions by Steve Rosenberg, who's been going through, Steve Rosenberg is Alastair's hero, who's a great musician,

but also the long-term BBC correspondent in Moscow, who's been going through the Russian newspapers. And there's been some extraordinary reporting there, because as you can imagine, they are basically saying, this is insane. This is the most terrible humiliation to the state, except for the most loyal Kremlin newspaper, which is, of course, saying, this shows the incredible genius of Vladimir Putin, his stock will rise in the world,

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because he alone managed to bring this thing to an end. What's your sense about how Putin comes out

of this? I don't think anybody comes out of it terribly well. Neither Prugoshin, who did his sort of Bonnie Prince Charlie up as far as Derby, and then turned around. But also, I think it does weaken Putin. I, as you know, am in pretty regular contact with the opposition or the exiled opposition in Belarus. And I was talking to them yesterday and again today. And they actually think that, because Lukashenko, you have to remember, is pretty much the only one left.

President of Belarus. President of Belarus. He's the only one left over whom you feel like Putin has complete control. So Lukashenko is trying to sort of present himself as the sort of, you know, the mediator in this. But actually, what his opposition is saying is that this was Putin basically ordering him to be the person that they could say was doing this, so that Putin didn't have to look like he was operating on a par with somebody like Prugoshin. They believe that Prugoshin will not be able to stay in Belarus. That Lukashenko doesn't want him there, that he could cause just as much trouble for him as he's been doing for Putin. Things that he'll do, some kind of deal with him, probably financial, to get him out of the country and get him to Africa. And also that they do think that this has weakened both Putin and Lukashenko. Their big thing now is that they've still been trying to get Lukashenko indicted by the International Criminal Court and partly over some of the sort of, you know, using getting children in there and all that stuff. So the truth is, I don't think any of us know, including Steve Rosenberg. I think a hero overstates it, but he's a very, very good journalist. And I'll tell you the thing that I would strongly recommend, if you don't already, people should follow Gary Kasparov. Gary Kasparov, the former great chess grandmaster who I know quite well, I interviewed him from my Winners book and I've interviewed him a couple of times since for different places. And he's the guy who coined the phrase mafia state. And he is basically saying, anything that comes out of the Kremlin now is almost certainly untrue. And he also says that, it's interesting, he basically says that there's nothing that can emerge in the immediate aftermath of Putin that actually the West can or should treat with. In a sense, I guess, suggesting there has to be collapse before people can actually start to rebuild.

And you've talked, you've raised this issue of Belarus, which we should maybe talk about at more length on another occasion, because it's fascinating. So Lukashenko has been in since 1994 and it is the last great autocracy on the edge of democratic Europe in this bizarre union with Russia. Lukashenko looked as though he was in trouble a few months ago, but actually clamped down. He has been involved in these extraordinary moves of trying to shove refugees across the border to disrupt the Polish border. And my connection with it, I was briefly up to be the British ambassador to Belarus in the mid-2000s. And I was fascinated by this possibility. But were we still in power then? Were we responsible?

Yeah, I wouldn't know. It would have been one of your ambassadors. Exactly, that's right. Exactly, this is 2005. So I was very excited by the idea because at that time, people were very optimistic and people thought it could be an incredible job. You'd go into Belarus this 2005 and you'd be part of the movement to get the last dictatorship on the edge of Europe, moving towards democracy, potentially even joining the European Union and all this kind of thing. And here we are, of course, almost 20 years later, Lukashenko is still there. And what's more, do you remember when we've talked about this before, we talked about the guy, I can't remember his name now,

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but the guy who was where the Belarusians essentially hijacked a plane and got that guy who'd been a big critic of the regime. He's now out there on social media the whole time, basically as a spokesman for the regime. So now Lukashenko is a strong man on one level, but what these guys are saying, he's utterly dependent on Putin and therefore will do whatever Putin tells him, whether that is providing Belarus's military infrastructure to help with the bombing campaign, the illegal deportation of the Ukrainian children, or being the middleman in these talks with with Progosia. Just out of intrusion, why didn't you go to Belarus? In the end, I was persuaded to go to Afghanistan instead. So I went off to set up the charity in Afghanistan. I think you're walking across Belarus would have been less of an international bestseller. A lot of potatoes. I think maybe one conclusion we can take from this is a reminder of the fact that the Russian state is still stronger than some people believe, that ultimately, Progosian must have calculated a bit like your friend, Bonnie Prince Charlie at Derby, that actually there was no way of making it to the capital city. And that must have been, but was that not obvious to him from the word go? Well, it should have been 25,000 soldiers marching up against half a million interior ministries. And apparently only five that were actually there when at the time of the turnaround. That's like a Burnley away turnout. You know, when we're playing when we're playing Preston North End, but it's not exactly, oh, it's a big size of growing people, but you're not going to take on the Russian army. So this is also a reminder of the challenge that the Ukrainians are going to face in their counteroffensive. So this has been much, much talked about for many months now. And what we've seen is Zelensky traveling around the world, acquiring aircraft and tanks and many other things. And the whole idea, and this is something we'll be talking to General David Petraeus about on leading very soon is to put together this huge all arms offensive to try to drive through. But a couple of things. One is that the breaking of the dam by the Russians has meant that they don't need to worry so much about a lot of their flank, which is now flooded with water so they can concentrate up on the northern edge of their flank. The second thing is that there isn't still much air power on the side of the Ukrainians. And it's very difficult to think of a historical example of a nation being able to advance against a very, very well-prepared defensive line like this. This is not like the Germans turning against the Russians in the early 1940s. The Russians have been hunkering down. There's going to be layer after layer of defense, minefield after minefield. It's going to feel, I'm afraid, much more like trying to advance on the First World War. You know when you said earlier that maybe we've underestimated the strength and power of the Russian state? Just as a counterpoint to that, do you get Foreign Affairs Magazine or do you see Foreign Affairs Magazine? I do see more. I've even written for Foreign Affairs Magazine. I'm a big fan of Foreign Affairs. Well, I like Foreign Affairs Magazine and they have this thing called, I think it's from the archive, and they posted this weekend a piece that came out right in the aftermath of the invasion. And it was by a guy called Boris Bondarev, who had been a diplomat in the Russian Foreign Ministry for 20 years. He was stationed in Geneva at the time of the invasion and he resigned. And he wrote this piece and he's essentially defected. I think he still lives in Geneva. He tells us through how his wife came to visit him and then had to go back and get their cat and it involved an extraordinary sort of trip to get back safely. One of the things, the really sort of big points that he made, he said that,

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if I'll just read you a very short section from his piece, for me, one of the invasion central lessons had to do with something I'd witnessed over the preceding two decades. What happens when a government is slowly warped by its own propaganda? For years, Russian diplomats were made to confront Washington and defend the country's meddling abroad with lies and non sequiturs. We were taught to embrace bombastic rhetoric to uncritically parrot to other states what the Kremlin said to us. But eventually, this is the key point, the target audience for this propaganda was not just foreign countries, it was our own leadership. In cables and statements we were made to tell the Kremlin that we had sold the world on Russian greatness. We had demolished the West's arguments. We had to withhold any criticism about the president's dangerous plans. This performance took place even at the ministry's highest levels. And he talked about how disappointed the foreign service was that Lavrov, Sergei Lavrov, the foreign minister who they respected at one point, just became the ultimate total yes man. Yeah. So I'm going to get myself in huge trouble doing this because I'm aware by doing this, I seem again to be comparing Boris Johnson to Vladimir Putin. So I'd like to put it on the record, I do not think Boris Johnson is Vladimir Putin. But there is something serious about this question about speaking truths to power and letting diplomats do it. This was something that I felt Boris Johnson was beginning to do to the foreign office. I mean, I remember this very strongly. I came in as the minister of state. So I was number two beneath Boris Johnson when he was foreign secretary. That must be a horrible thing, to consider yourself to be beneath Boris Johnson must be that's the lowest form of life. It's pretty weird. And it involves wandering down a corridor once a week to this enormous office which could have accommodated about 150 people looking at over St James's Park and Boris Johnson sitting at one end of the table with a little sort of note of the things he's trying to do this week. But one of the things that was so disturbing was that we were beginning to get reporting from our diplomats on the ground, which was saying every week, another win for global Britain, global Britain demonstrates its success. And I eventually called in all the ambassadors from my region of the world and said, please stop doing this. This is embarrassing. Why don't you talk about some of our weaknesses, some of our failures, talk about what the US is doing, what China is doing. Don't give the impression that Britain's running the whole continent. And this got back to Boris Johnson and he called me in and it was the one time I'd actually seen him genuinely angry. And he said to me, Rory, I hear you're contradicting the instructions I'm giving to the ambassadors. So I said, look, I think it's very important we have honest reporting. And he said, Rory, you don't understand, I used to captain rugby teams. And the way you win a rugby match is by telling the team that they're the best. You've got to boost them, get the morale going. And I said, this isn't a 75 minute rugby match, right? This is Britain's foreign policy. 80 minutes, Rory. The rugby matches are 80 minutes. Oh, thank you. Carry on. Incidentally, having been teased about my complete lack of understanding of the length of a rugby match, I just want to point out to the audience for a second that Alastair showed us his dog who was making an extraordinary noise in the back of the screen. And I can reveal for those of you who believe that his dog is a Rottweiler, it is not. It is, in fact, Alastair A. King Charles Spaniel. Very good. Good Tory dog, I'm afraid. No. That's why that's what they always,

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the Civil War, it was always the standoff between the Cavaliers had those Spaniels and the other lot had the pugs. Get back to your story. Okay. So I think there is something serious here, which is that you have to allow your civil servants to dissent. And the creation of echo chambers is at the heart of everything that goes wrong, government, because the general tendency of government is optimism bias, confirmation bias, everybody getting around a table, blowing smoke up the ass of the boss. And Boris Johnson was actually making this much, much, much worse. Well, this other Boris, Boris Benderhoff, he actually makes that very point. He said it was like living in an echo chamber. And he said it was particularly bad after the attempted assassination of Scripall in Salisbury, where if you remember, a British woman ended up being killed just for being in the wrong place at the wrong time. And he said that they were all basically, the telegrams are all coming in from embassies around the world saying, you know, that we've persuaded the foreign ministry that the British have just, this is just a conspiracy theory, it's part of Russia phobia, and so forth. He said, I saw data reports, for example, that mentioned Ukraine's non-existent biological weapons. I walked around our building, effectively a long corridor with private offices for each diplomat. And noticed that even my smart colleagues had a Russian propaganda playing on their TVs all day. It was as if they were trying to indoctrinate themselves. And that is when the state, in a sense, the function of the state collapses if you don't have the ability, because how protected is Putin? I mean, Putin was, I've seen Putin's protection, I know how well protected he is, but it will be on a different level at the moment. The fact that he now has two planes flying out whenever he moves, one's the decoy and one's him on it. The fact that he is, I would suspect, and we mentioned on Saturday, a lot of people have pointed out now that he looked genuinely quite, not scared, but he looked very, very tense at the weekend. And trying to tell the Russian people that this has been an act of strength to send pegasus back with their tail between their legs, I think is nonsense. And I don't think the Ukrainians will be sort of feeling as chipper as they were when they first heard it, because it looked like it was going to be a big moment. But at the same time, it suggests that he's been very fundamentally weakened. Very good. Well, shall we talk about your former boss then? The man, I can't believe that you actually had to work beneath Boris Johnson. It just feels, anyway, Roy, that must be very hard to deal with. So last night, did you, did you watch the link I sent you? I did, I did. And it's an absolutely mesmerizing link. And we can get into the details of what it shows, but maybe tell listeners a little bit about what it was that you sent me and when they can actually see it, because I thought it was incredible watching. We're recording this on Monday. And the program goes out on Channel 4 tomorrow night, Tuesday. But because I was aware of that, I asked them if they could send it to us so that we could talk about it. So it's the story of the way that the Lebedevs, this is Alexander Lebedev, former KGB scuba, and his son, Evgeny, who owns newspapers in the UK and is sort of part of the London glitterati, how they cemented their positions in British political life, including when we were in power. I'd completely forgotten that it was Peter Mandelson, who was in charge of, I think under Gordon Brown, when the standard went through for Lebedev. And he, in his line was, well, who else is going to take it over? We'd like to keep a standard, etc. But then when it gets really interesting is when you get to Boris Johnson being foreign secretary, then Boris Johnson being prime minister, and the utter obsession he has with getting Lebedev

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junior into the House of Lords. So let's just take it back for a second. So Alexander Lebedev is a Russian who is the child of kind of intelligentsia parents in the Soviet Union, becomes a KGB officer, ends up as a lieutenant colonel in the embassy in London for four years. So a senior person running Russian intelligence operations in London against the British, the late 80s, when he's really trying to get his head around who is the sort of people you should be recruiting and targeting in Britain, returns after the fall of the Soviet Union, and becomes in sequence a successful banker, so takes over the National Reserve Bank, ends up taking a big stake in Gazprom, big Russian gas company, which incidentally puts Schroder, the German chancellor onto its board, and then ends up with a third stake in Aeroflot. And of course, he and Putin were contemporaries in the KGB. And there are very, very deep, strong links between the former senior or not senior, even some mid-level and junior KGB officers, and the current ruling elite in Russia. Because as we discussed yesterday, it's not really all about the oligarchs. In a sense, Putin got on top of the oligarchs in a way that Boris Yeltsin didn't, and replaced them with this security apparatus, including people with private armies. Well, he did. Isn't it more accurate to say that he allowed the oligarchs to continue enjoying their oligarchism, but with the security structure making clear that he was in charge and they had to kind of, and that's how he became wealthy. And those that didn't play ball, like Kordakovsky, were sent off to Siberia, or Berezovsky was actually killed. Yeah. So there's a very, very strong sense in this. You talked about the Skripal poisonings, where Sergei Skripal, who was, I think, a GIU officer, was attacked with chemical weapons in Salisbury. And then, of course, you interviewed the widow of another Russian nation killed in a London hotel. Levinenko, yeah. These, just a little plug there, you can listen to that on the rest of politics leading. But these are signals from Putin that people who were KGB officers and who have made a lot of money in Russia must toe the line when it matters. And this film is very, very strong on showing that when the rubber hit the road on Crimea, for example, in 2014, so when Putin invades Crimea, this family, the Lebedevs, come out and basically defend what Russia is doing in Crimea. At a time when the British government, the US government, the European Union, and everybody is saying, this is unbelievably dangerous. This is the first breaking of international borders since the Second World War. And if this is allowed to happen, who knows what else might happen? Of course, we know what else happens. It directly led to the invasions of Ukraine. Yeah. And they're out there doing that. They're doing that partly because they've got business interests in Crimea. They own hotels in Crimea. But also, I suspect because he can only go so far in challenging Putin and the strategy of Putin. And then, as you say, I'm going to hand back to you here, but the moment where it becomes very weird is the moment at which he decides to buy two of the leading newspapers in Britain, the Evening Standard and the Independent, and begins to sink incredible money, more than 100 million pounds into loss making ventures in order to control these newspapers and write op-eds in these newspapers defending Putin's position in Crimea. And in the Standard, in particular, relentlessly propagandizing on behalf of Boris Johnson when London Mayor and in subsequent stages of his career. But the story of Johnson's visit posed the scruple poisoning. Do you remember he was at a NATO summit? NATO had been sort of trying

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to agree a response as to how to react to this. Let's just declare what it was. It was the use of chemical weapons on British soil to kill a Russian citizen, which they failed to do, but they killed a British citizen. And Johnson goes from that meeting to a party hosted by the Lebedevs, described in considerable detail on this program, being tracked by intelligence services of Italy because they were worried about what was happening this thing. Johnson having got rid of his special branch protection, which I've never heard of done before. I've never heard of a minister who is protected because they have to be protected because that is the system under which they operate.

Prime Minister, Foreign Secretary, one or two others are permanently protected around the clock. He ditches them. He goes off to this party. We still don't know what happened.

His statement, I mean, we're used to Johnson's mealy mouth statements, but my God, the mealy mouth statement that he gives to this program. His statement is something like he doesn't, he's not aware. He doesn't recall. He doesn't recall of any government issues being discussed at the time. So just quickly on that one, I'll say, you remember that the year before 2017, I'd been invited to go along with Boris Johnson to stay with Yevgeny Lebedev in this villa. And it was an amazing for me. I had literally just been appointed as the minister of state in the foreign office. And one of the people who worked with Yevgeny Lebedev came up to me and said, Mr. Lebedev would like you to come to this lovely party in Italy. And this party was, I believe, a party that Piers Morgan has subsequently revealed. Katie Price famously, with Boris Johnson there at the table, took a top off at the table. It was a pretty unsuitable form of party. I said to the person who approached me, I laughed. I said, come on, don't be ridiculous. I'm a British foreign minister. I can't go to a party hosted by the son of a former KGB agents, completely ridiculous. And the response was, oh, don't worry, Boris Johnson, the foreign secretary is going to be there. It's incredible. So at the very, very least, there is something really weird. I mean, the deputy chair of the Italian foreign relations committee on this documentary says, listen, doesn't this guy get enough invitations to parties? I mean, is it really necessary? She said, there are lots of ways to have fun.

Yeah, if it's really necessary, it's the foreign secretary to go to this castle with the son of a KGB agent. And I don't even remember the photograph of him at the airport. There's some tourist took a picture of him at the airport looking absolutely wrecked. I mean, like you guys used to look after one of your bullying events. I mean, I know you only did one. I know you only did one. But then we get into why I found I think a lot of that story has already been told by much of the media. Where I think this thing got really interesting was that you had two former MI6 agents on screen, on camera, just they could barely contain their sense of shock, exasperation, that they, the security services, having warned Johnson to first of all, two MI6 guys went to see him to tell him face to face, we strongly recommend you do not try to put Lebedev into the House of Lords, because of the family's continuing connections with the top levels of the Putin regime. They even sent somebody to the palace to ask if the queen might intervene. And the queen apparently said that this would be, there's a risk that that would look like she was interfering in the political process. I mean, it is incredible. You had two members, you had David Clark, who was on this committee, Holack, the House of Lords Appointments

Commission, saying they had never known a situation where whatever objections were put forward,

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the word came back from Downing Street, this has to happen. And I don't know about you, Ori, I felt slightly sick. Well, the whole thing was complete, completely bizarre.

No, when I was watching, when I was watching Lebedev, the film, I've seen it before, but watching in that context, the film of Lebedev taking his seat in the House of Lords.

And being sworn in as Lord Lebedev of Siberia.

Of Siberia, it's just incredible. It's an extraordinary provocation.

They must have been laughing their heads off at that point, the Russians.

It's completely astonishing. But can I just take it back one stage? I mean, why is it that, well, we sort of know, but it is two things. It's money and newspapers are at the key of this.

And it's astonishing the contacts and the power you get with money. When you look at those photographs

of Lebedev throwing parties, you see J.K. Rowling there, you see Tony Blair there, you see Peter Mandelson there, you see George Osborne there, you see the editors, the major newspapers there, they're all there. And I cannot imagine why.

Famous actors there. What on earth do they think they're doing? I mean, I go back to this question from the deputy chair of the Italian Foreign Relations Committee, there are other ways to have fun rather than going to parties hosted by oligarchs.

Well, maybe we can, we'll perhaps do this in the Q&A, because we did get quite a lot of questions about what we thought about Keir Starmer and West Street and others being at Murdoch's party this week, for example.

Which is, I stopped going to, even when I was running for the leadership, even when I was running going to London.

Fair play to you. I stopped going to those quite a while back, but not while I was there, I'll be honest.

But the reason they go is that it's considered incredibly important. And, sorry, just to bring it back to me, I mean, I noticed Lebedev's power in two ways. One of them was in a very sort of soft power way. When I was the minister of the environment in Defford, dealing with international conservation, he kept reaching out, trying to invite me to go to events in Africa on conservation of big cats. I think it was about lions. And people from his office would come and say, it's going to be amazing. It's going to be this great gathering in some African country with all these billionaires. And we're going to bring together an amazing new initiative to save the lion. So that was the approach when I was environment minister.

Right.

Then when I was running to be London mayor, of course, getting lovely messages saying, well, from Yevgeny Lebedev saying, you know, we got WhatsApp messages, well, we're going to have to sit down Rory now. I think there's a lot to talk about. And again, the immense temptation, if I'm going to be honest, I'm running to be the independent candidate to be mayor of London.

I want endorsement. It'd be nice to have the evening standard coming out strongly in his favor. The temptation, which other politicians must have felt to the nth degree.

Yeah.

And so Boris is right in this. He needed the standard, or it was very, very helpful for him to become mayor of London to keep his power. And somewhere along the line, he made friends with this guy. And he ultimately promised him, I guess, that he was going to make him a lord.

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But if you think about what we know about the way that Johnson conducts himself anyway, think about him then, add on the context of he's got rid of his bodyguards.

Heaven knows what he got up to. And one of the MI6 guys, his interviews, actually said that just the fact of doing it puts him in a vulnerable position, open to blackmail and the likes.

I think it's horrifying. I'd love us to come back to this though, because I think I'm still very, very troubled by this question of the influence of money, the influence, the media on our political system and the way in which and the cross-party nature of it. Why is it that actors, novelists, politicians in particular, politicians we have to worry about are sucked into this horrible, horrible world of feeling they have to go and turn up to these parties, make friends with these people. And of course, the incredible influence it gives these people on directing policy.

I, by the way, just before we go to the break, I am a little bit like you. I think I'm putting myself in the same camp here. I got an approach from Lebedev. I can't remember what year it was, but I got an approach, would I go and have lunch with him? This was after I'd left number 10. And so I went to some sort of rather odd Japanese restaurant in London and met him. And I have to be honest, I took a, he sort of gave me the creeps. I think that a beard that is that well trimmed, I'm always going to be suspicious of. The only point of having a beard to me is you never need to shave. When you have a beard, and yet you clearly also shave every day or have yourself shaven, I think there's something a bit wrong. So I can't say, I just didn't take the guy at all. It's the only time I ever met him. But I remember his opening gambit was something like, you know, everybody I've met in London tells me that if I'm to understand how British politics works, I have to speak to you kind of thing. Bullshit, flattery, blah, blah, blah, blah. He even was asking me for my advice as to who I thought you should appoint as his next editor at the standard, his next editor at the independent. And I just thought, I don't know anything to do with this. So the next time I got an invitation to one of his parties, I think I might went to one of them. But no, not for me. I mean, I, for me, I think it's there, but for the grace of God. I mean, in the end, I said no to the parties. In the end, I didn't go to Africa. In the end, I didn't meet him. And you didn't become London Mayor.

Right. Okay. Time on that for a break.

Welcome back to the Restless Politics, me, Alistair Campbell.

And with me, Rory Stewart. And you wanted to get us onto the economy, right?

Well, I just think two things really, I think it's just interesting that having just spent this two-parter with John Major and the second part, very much about his time as prime minister and living through the horrors of the exchange rate mechanism day back all and the sense of the country just thinking, do you know what, not sure these guys can manage the economy anymore. And I wonder if Rishi Sunak is in a, in a similar place right now. He did seem just, he just had a sense of somebody desperately trying to pretend that he was powerful in the face of an economic storm that was coming his way, but he actually has very little power.

Well, I think it's true, isn't it? I mean, I think the awful truth is that politicians have to try to take responsibility, have to project themselves as controlling things, but sometimes things that happen in the economy are not within their control. And he believed, and I think a lot of people inside the treasury

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believed, that inflation would come down in Britain. In fact, there are a lot of big experts out projecting that, including I think Bank of England people, but it's turned out not to be true. Inflation has remained very, very stubbornly high in Britain. And of course, that is a big problem, big, big problem for cost of living, because it wages inevitably don't keep up. People find that all the goods they're buying are getting more and more expensive, and they're totally squeezed. But the medicine, which you used to deal with that, which is to raise interest rates, then crushes the economy because it makes it much, much more difficult to borrow and drives up the cost of mortgages. So he's trying to do two things. He needs to bring inflation down and he needs economic growth. And at the moment, he doesn't look like he can have both because as he tries to bring inflation down, he's going to be hitting growth and inflicting a different form of pain on people. In this case, many people who don't have fixed rate mortgages, floating mortgages may end up having to pay £6,000 more a year on average. Also, when he came out with his five priorities that he has on the backdrop, pretty much everybody speaks, the Tories were so bullish about the way things were going at that time that they said that they'd actually picked them because they felt they were easy to do. So if you go through them one by one, half inflation, well, there's been no fall, and what's more, core inflation is rising. Grow the economy. We've got the forecast of the second lowest growth in the G7. Reduce debt. We're now at more than 100% of GDP. Cut waiting lists. NHS waiting lists are at record high and they're going to get even higher with yet another strike by the junior doctors with whom the government yet again just seemed not to be treating. And then stop the boats and we've had more than 10,000 small boat crossing so far this year. So heaven knows what's happening with these non-priorities if this is what's happening with these so-called priorities. And the reason this is a big problem for the Conservative government is that those priorities pretty accurately reflect the priorities of the British public. It's not a bad list of five things that the public really want to happen. And his failure to deliver on them is devastating. But of course, they're all connected. I mean, as I said, the debt, the inflation, the growth, yeah. I mean, I dug into this quite a lot when I was preparing for question time, which we'll talk about in question time. But one of the things that I was, I didn't really get this out because it didn't really come up. But looking at the whole thing about mortgages, if you look at the rates for mortgage borrowers in European countries, 3.89% Germany, 2.61% France, 3.6 Netherlands, 3.55 Ireland, that gap between them and us means that we are going to end up paying more on our mortgages. And the composite across Europe is in April for one to five year maturity was 3.71%. So it's true that everybody's having to struggle with this, but we do seem to be hit hardest. And I'm afraid we're back to the elephant in the room. Since Brexit on five major metrics, our recent economic performance has been wonderful. Real GDP growth per head, investment, productivity, inflation, and trade. We've been hit on all five of them. And that is a fact that nobody seems to want to address. The other consequence of this is at some point, we are likely to see the impact on house prices. As mortgages become more and more unaffordable, it's going to be more and more difficult for people to afford to buy a house. And prices are going to start falling. And that's going to really test one of the big questions in British politics. We keep hearing in British

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politics that people want more affordable houses, that house prices are crazy. But that of course is true for the 40% that don't own houses. For the 60% who own houses, it's going to be unbelievably painful to discover that the nest egg that they've built up is beginning to lose value.

And they're going to have less to draw on when they retire. So it's really testing this question.

Do people actually want lower house prices? And what's going to happen politically as those house prices come tumbling down? Well, especially as our housing debate in this country has been utterly fixated since Margaret Thatcher's day between these two twin poles of rising house prices and Thatcher selling off the council houses. And actually, we've ended up in a position where social housing is a real challenge. And actually, I'll just throw you a question,

Roy, maybe to conclude this part of our discussion. It was a question that came up for the Q&A, which was directed at you. Fair enough, you don't want to see building on the green belt, but where are we going to build the new homes that we need?

I'd start in London. So the mayor of London has thousands of acres of mayor of London transport for London land, which hasn't been adequately developed. You could be building and he should be building, not private sector building. I mean, I think the most horrifying thing,

which was started under Boris Johnson, continued under Sadiq Karnesmer,

is this very, very ugly nine-elms development. Many, many of those apartments, this is down on the edge of Battersea, many of those apartments are unoccupied, perfect spot to drive ahead with social housing.

The mayor of London should be building hundreds of thousands of affordable mayor of London owned government housing to manage for the next 50 or 100 years. It would be a fantastic investment. Right, but if we're talking about leveling up, I mean, fair enough,

we may need more homes in London, but there is a housing shortage for the next generation right around the country. There is, but it's most acute down on the southeast. I mean,

and West Cumbria, in fact, has some of the lowest house prices in the country. And I would really like to see a mayoral candidate, and they're just in the process of selecting a conservative

mayoral candidate, but it doesn't matter which party they come from, commit to building hundreds of thousands of state-owned houses in London. Okay, let's go do, as you say, we very rarely talk about Southeast Asia, and we're back to our old friend populism and authoritarianism.

We've got an election coming up in Cambodia. Who do you think is going to win that election, Rory? That's a very, very, very tough question. It could possibly be

Hun Sen, who's now preparing his great son to take over. So give us a bit of a sense of your sense of Cambodian politics. And then maybe I'd love to step back and just set the bigger

Southeast Asian picture. I was actually just going to start on that bigger picture, Freedom House, which sort of attracts democratic strength across the world. They have ranked four Southeast Asian countries partly free, Indonesia, Malaysia, the Philippines, and Singapore. Six countries they

define as not free, Brunei, Cambodia, Laos, Myanmar, Thailand, and Vietnam. And only one country, East Timor, is free. And Cambodia, it is hard to imagine anywhere more completely and totally

authoritarian. Hun Sen has been around for 1998, has he been in power? The main opposition party, candlelight party, has been basically wiped out. They've been barred from the election, apparently they didn't fill in their forms properly. It's the old Russian trick. So you're essentially going to

have the CPP, Hun Sen's party, even though 10 other parties are registered, they're basically sort of, you know, parties that make you think there is some competition, but he's going to win and he's going to probably get every single seat in the assembly. And as you say, he wants his son,

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Hun Manet, to take over. Basically, he goes around the place saying he's not ready yet, I'll probably need another, you know, another couple of terms and then he can take over. Then I can hand over. The story of Southeast Asia really matters to the world because it is one of the most dynamic economic regions in the world. And it's there right on the cusp between China and the United States. It's had incredible economic growth, lifted enormous numbers of people out of poverty. Many, many companies who are talking about de-risking away from China, looking at moving their manufacturing facilities to Indonesia or Vietnam, the question of India's relationships with it completely fascinating now. But the political story is also tells that very odd story that we keep coming back to the way the world's changed since the 1980s. So initially from the 1980s onwards, it looked very optimistic in Southeast Asia. So Philippines, you remember, you know, Marcos went, Emelda Marcos with her hundreds of shoes and Coriokino came in, democracy came to Philippines. And then Suharto fell in Indonesia, 1998, after the financial crisis, Indonesia set off on a democratic path. But the outliers here were, as you say, Vietnam, Laos, Cambodia. And then most tragically, of course, which we've talked about a bit, Myanmar, where in the 2014 onwards, the lady Aung San Suu Kyi came back, people thought, okay, this is the great progress again towards democracy. And that has collapsed back into horrendous military dictatorship, a failed state, an ongoing insurrection where the people are 3D printing weapons and attacking the military. And then we've talked also about Thailand, which is still in a state of paralysis, still trying to work out where to go with this very odd relationship between the military, the king and the ruling elite on the one hand, and this new opposition coming up. So it's broken apart the assumption that we all had in the 90s that economic growth and prosperity went along with democracy. These are countries growing quickly, perhaps the most dynamic economic region of the world, and it's not really going down a democratic route. Yeah. And the other point that we've sort of raised in different parts of the world is this sense that these often very right-wing, quite brutal leaders, nonetheless able to build as genuine, even though they might be rigging and fixing elections, but there also is a genuine sense of popularity for some of them, like Duterte and the Philippines, who is utterly brutal in this war on drugs and just, you know, literally people go around sort of just topping people. And yet has a popularity. Now succeeded by Marcos's son, Ferdinand-on-Marcos. Yeah, exactly. No, you're right. These brutal, brutal populism emerging, which you saw there. I also think there's a very interesting question of how China handles its relationship. I mean, China is immense in this region. So, you know, China's exports from Indonesia to China are about 24% of all of Indonesia's exports. It supplies from China about 29% of all its supplies compared to about 6% from the US to get a sense of the discrepancy. Perhaps most striking of all, Indonesia, which is meant to have the great Navy in the region. I was just talking to an amazing guy called Arnavestat, who's a professor at Yale. He pointed out that the Indonesian Navy has 10 or 11 frigates, half of which are left over from the Dutch, you know, decades old. China has had since 2007, 70, 70 destroyers near Indonesia on that sea. So, yes, growing, yes prosperous, yes dynamic, but a very, very difficult relationship to China. The other really interesting thing that's been happening amidst the whole sort of global focus on Ukraine. I think in relation to Southeast Asia, the Americans have maybe slightly taken their afterball because they've got so much else to focus on. So, for example, they're not being as

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aggressive as they have been in the past about human rights in that region. And the other thing that's happening is that within Central Asia, in particular the well known Stans, Moscow is losing influence there and China's moving in there as well. And there was a very interesting, was it last month or the month before, middle of May, I think it was, there was this China Central Asia Summit where Xi Jinping met with the leaders of Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, Uzbekistan, all the Stans, essentially, and was sort of wrapping them into the Silk Road and the whole, you know, belt initiative. So, they are on the move in so many ways. And I think that this is a very interesting example of where the big picture messages, oh, well, China is very supportive or quite supportive of Putin. Meanwhile, they are seeing the weakening

of Putin in the Stans. And we saw that, by the way, in relation to our previous discussion about Belarus, because the Kazakhs did not want to be involved in the deal to try and resolve the dispute between the Russians and the Vagra group. And nor apparently did the Iranians, and that's why it was left to Lukashenko. Sorry, back to Cambodia. No, well, I think just to conclude, if you care about the world, you need to think about Southeast Asia, 700 million people, very dynamic economies

going to benefit enormously from companies trying to move away from China. Big question about where Indian influence is going to go. And of course, Indonesia is the largest Muslim population in the world as well. So, there's so much that we haven't covered there and we need to think about as these places get more and more powerful. And don't underestimate the Philippines economically. It's a place that was always traditionally written off in the 70s and 80s, written off because it had incredible investment in education and English language, but never really seemed to be performing. But finally, all that investment seems to be paying off.

The Philippines economy is going gangbusters. Yeah. The other thing that we've talked a lot about corruption in relation to Putin and the people, according to Global Witness, and this is some years ago now, we're going to track corruption around the world. Hun Sen and his family, they were reckoned to be up in the billion-dollar class, which is not bad going when you're on a pretty small salary, even though you've been there since 1998. Well, he's just been invested wisely. Oh, yeah, yeah, yeah, yeah. He's probably got premium bonds. He's probably lucky on the premium bonds. Yeah. He's also a big supporter of Donald Trump, Hun Sen. Right. Yeah. So, there we are. Good. Okay. Well, Alistair, let's try to finish with one upbeat thing because we don't want to finish on the words, Donald Trump. Well, let's go Guatemala. Go on. Is that going to cheer us up? Well, it might do. There was an election there at the weekend. Yeah. And look, we haven't got all the results yet, but one thing that was very interesting in the campaign was a lot of Indigenous women activists who clearly had read the best-selling book, *But What Can I Do?* And anyone who's listening

to this podcast who's not yet bored, *But What Can I Do?* Please buy, *But What Can I Do?* Well, actually, Rory, I've got to say, the event that I've plugged in, you've plugged it kindly on my behalf. Anybody who's listened to this podcast and hasn't bought it yet is never going to buy it. Essentially, what's happened there is that a group of women who have felt that they've not been listened to, not respected. I mean, the political process there, you've got 44% of the population are Indigenous, and yet they have about single figures in terms of representation in the Congress. So there's a group of women who just decided, you know what,

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we're going to get out there and we're going to do it and started out on their local councils and then have built up and now have actually, you know, started to win representation at a higher level. So I just wanted to say that's maybe a happier note on which to end. And maybe next week

we can come back and reveal what the final result was because they're still kind of trying to work it out. Yeah, amazing. I mean, I just caught a New York Times article on this, which talking about the fact that a lot of the leading candidates have been excluded from the election, which was seen as another kind of worrying sign that Guatemala, like a lot of Central America is going the wrong direction on democracy. Well, the whole thing about getting rid of candidates is, you know,

it's a very, very, very common thing. And just maybe to wrap on this, we talked a few weeks ago about the Greek election. And our friend Tim Bale, who's a bit of an elections geek, he pointed out at the time that there was this thing in Greece called the Winner's Bonus. And the reason why the Greek Prime Minister went for a second election was because he felt that on the second time round, he would get this Winner's Bonus. And so it has turned out. So what's the Winner's Bonus? Sorry, I don't understand. What's the Winner's Bonus? So basically, there is a thing called Bonus Seats. It's a system of reinforced proportional representation. So for example, if the first party gets 25%, the bonus is 20 seats. So it's a PR system where the higher up you are, then you will get these additional seats. I get it. I get it. I get it. The idea is to give a bit more... But the ones who don't reach the threshold are knocked out.

So it's a sort of mixed system where you don't end up with quite such potentially kind of compromise coalition governments. You give a bit more power to the one that comes first. Correct. So the parties which don't reach a... I think it's a 3% threshold, they kind of just... they get left out. But that means that there is more space then for the parties that do better to get more seats under a bonus system. And that is why he went for a second election.

Right. And Tim, Tim's a supporter of this or he remains neutral on this. He just thought this was something we should know about. I don't think he's a supporter. He's just somebody who likes us to be factually accurate when we're talking about foreign elections.

Very good. Well, thank you, Tim, very much for that. And a final shout out, Alistair, because I'm looking for something to finish on charity, to an amazing image that I can see behind you of what seems to be a tree of the day on a canvas in front of your bookcase. It's like a winter tree landscape reflected in a canal with a window reflecting on it.

Rory, because we've got the builders in at the moment, that is actually the wrong way round. You've got to imagine it sideways. I'll tell you what I'll do. I'll take a picture of it.

We can put it in the show. It's a picture of a tree on Hampstead Heath.

Lovely. It's pretty nice, yeah. If you only got it, it'd be very present a few years ago.

All right. Well, on that, I think we're going to call it to an end. Thank you very much.

All the best. Speak to you soon. Bye-bye.