

[Transcript] The News Agents / Can Boris Johnson defend the indefensible?

We're going to be talking today about a man with multiple wives. And I know the man you're all thinking of. And yes, we are going to be talking about Boris Johnson in just a moment. But there is another man with even more wives. I think this might be the fifth. He's getting married again. It's Rupert Murdoch.

Yeah, he's given an interview to the New York Post. I was very nervous. I dreaded falling in love. But I knew this would be my last. It better be. I'm happy. Murdoch also goes on to say we're both looking forward to spending the second half of our lives together. Now, Rupert Murdoch is 92 years old. That would suggest he is planning on living until 184.

His new bride, Anne Leslie Smith, is 66. And I think in the week that we are expecting the final series of succession, there's perhaps a salutary lesson for children everywhere, not to take succession for granted. Welcome to the News Agents.

The News Agents.

It's John.

It's Emily. I have now taken executive action and stopped John Sople from leaving the room because every time he's gone out, even for two minutes, something has happened. The news gods are with us today, listeners. And so we've got quite a lot to get through one way or another.

Yeah. So the big news today is that the DUP, the main Northern Ireland Unionist party, have said, Rishi Sunak, we are going to vote against the Windsor framework, the deal that would unlock the whole nightmare of the Northern Ireland protocol, and that was seemingly going to set Britain, Northern Ireland, the European Union on a calmer path. Now, of course, one of the people that had agitated against it from the outset is Boris Johnson. And so he's having a slightly better week than maybe people would have anticipated because the other thing we need to talk

about is Boris Johnson's appearance on Wednesday before the privileges committee, which could lead to his suspension from the House of Commons and could lead to, I mean, in effect, the end of his political career. Yeah. I mean, that is going to be the story that dominates this week. Boris Johnson will be appearing before that parliamentary committee at two o'clock on Wednesday. But essentially, what we're seeing now is this really interesting, advanced action. And it comes from Boris Johnson allies who are essentially trying to discredit the parliamentary committee before it even sits. So we have heard of draft emails, which are being shared around the sort of Boris friendly group of MPs, warning of deep concern and disappointment over what they are calling a Labour-led investigation into Prime Minister Boris Johnson. Now, for a start, we have to say that is categorically not true. Yes, the inquiry has Harriet Harman, a Labour grandee at its head, but the make-up is more weighted towards Conservative MPs than Labour MPs. It also has an SMP presence. And I'm going to say this kind of cautiously, but there is something vaguely Trumpian about trying to go out and warn people that the very committee that's investigating isn't one to be believed anyway, because then whatever the committee says, whenever it reports, whatever it finds, you've laid the ground for people to say, oh, wasn't that just a socialist stooge or a Labour-led committee? We don't know how the committee's going to find. That's not our question at this point. But what we do know is if somebody in the form of a close Johnson ally, and we understand it's Peter Crudus, the man who was accepted into the Lords on Boris Johnson's recommendation, even though the House of Lords Appointment Committee suggested he should not be, if this ally, Peter Crudus, is going round trying to tell everyone, trying to tell people not to believe in what the committee is saying, then that is paving the way for a kind of undoing

of democracy. Well, it's undermining democracy, which is what we saw on January the 6th in the United States when the Trump mob tried to stop Joe Biden's certification of his victory. And you should hesitate about drawing too many parallels between things that are similar but are not the same. But there are similarities, and it is worth pointing them out. And weirdly, I mean, there is a kind of synchronicity as well about this, because Donald Trump potentially is about to become the first president or ex-president in history to be arrested. Donald Trump is clearly expecting to be arrested. And you've got the Trumpites already saying, this is illegitimate, we need to protest. The district attorney in Manhattan, who is going to be the one doing the indicting, there should be protests against him, there should be a ring of steel around Mar-a-Lago, so that the police can't arrest Donald Trump. And you are seeing, again, undermine the legitimacy of the institutions of democracy to save your guy in America, Donald Trump, in Britain, Boris Johnson. Now, we don't know how extensive those attempts will be, but it looks like some of Johnson's acolytes see this as a major existential threat. Because if the committee recommends that Boris Johnson be suspended from the House for more than 10 days, then the people of Uxbridge, his constituency, competition that he should be kicked out as the MP. And if he's kicked out as the MP, it is hard to see a way back for Boris Johnson in politics. I think it's a real test for the Conservative Party as well, because Rishi Sunak has, I think, cleverly, strategically said, this will be a free vote. That is the tradition, actually, when it's something that is more to do with the House rather than the party, this is not a question of Conservative Party policy, it's to do with the House of Commons. Rishi Sunak has been able to step back and say, you vote however you want. So on the one hand, you are likely to see those close to Boris Johnson, or those who perhaps have been convinced that this is a left-wing cabal of socialists, whatever, that whatever they find will be rejected. On the other hand, you've got fairly senior Conservatives, Penny Morden amongst them, the leader of the House of Commons, who doesn't like the idea that actually Parliament itself is in danger of being undermined like this. And we understand that she has been in kind of emergency talks with the Speaker of the House, Lindsay Hoyle, because they want to make sure that if a parliamentary committee inquiry is sitting and finding, then it is taken seriously, because otherwise, that's the thin end of the wedge. But the other challenge that Rishi Sunak is facing, and while he wants to be hands off on what happens to Boris Johnson, as Emily said, we're going to be following this extensively on Wednesday when he's giving this televised evidence to the Privileges Committee. Rishi Sunak faces his own challenge. Now that the DUP have turned around and said, we are not going to back the Windsor framework, the deal that you negotiated to unlock the kind of nightmare of the Northern Ireland protocol and trade with Northern Ireland and the rest of the European Union. And it's possible that the Boris Johnson supporting ERG, the European Research Group, might also weigh in to say, we don't want this deal that you've negotiated, in which case Rishi Sunak will find himself relying on Labour Party votes to get this through. The only thing I'd say is, the DUP are brilliant at politics. And there is a very good chance that what they are saying now is no. And it's specifically voting against the Stormont break. Now, the Stormont break basically gave Northern Ireland the extra chance to veto, to say no to parts of the Windsor framework it didn't like. Now, they are saying no to that. But are they actually saying no to the whole thing, or are they just cleverly holding out for more concessions at this stage? It could be that Jeffrey Donaldson, their leader, knows he's got Rishi over a barrel where he wants him,

[Transcript] The News Agents / Can Boris Johnson defend the indefensible?

and he's thinking, oh, I wonder if I can just squeeze this one for a bit more. It might not be the outright no it looks like right now. You're absolutely right to point that out, because brinkmanship is what the DUP does, has always done, and is very successful at doing, because it knows that British political parties, if they want to get things done, whether it's the Labour Party or the Conservative Party in power, and it's concerning Northern Ireland, you need the support of the Unionist community, and you can't just say, screw you, we're going to do this anyway. You actually need to start with the Unionist community and work outwards. And what people were saying to me beforehand was, you have got to give Sir Jeffrey Donaldson, the leader of the DUP, a ladder on which he can elegantly climb down. And I think that that is what will be preoccupying the policymakers around Rishi Sunak now to say, okay, what do we need to do? What form of words will get you to back us? And Rishi Sunak has had a very good two or three weeks. Every time you think, okay, the Tory party are back in business now, they've got a sense of unity, a sense of purpose, there's the Windsor framework, there was a budget that seems to be relatively well received.

It hasn't unraveled. And on top of that, we had news today that the largest rail network, Rail Union, the RMT, has now accepted an offer on pay for its workers. So at least that side of the rail strikes should be coming to an end.

Yes. So if you look at Rishi Sunak's overlapping circles, you've got Windsor framework, not going so well now, given the DUP. Boris Johnson up before the Privileges Committee, Rishi Sunak, very glad to be hands off. And well, if that means the end of Boris Johnson, so be it, that is quietly good news. RMT, a bit of good news because people do not like being discomforted by not being able to go about their daily lives because of strikes taking place. So it's a bit of a mixed bag for Rishi Sunak. But critical to all of this is the looming figure, again, of Boris Johnson. What's going to happen on Wednesday, whether he implodes or whether he gives this forceful defence that we have been briefed that he's about to give.

And in the last few moments, Boris Johnson has submitted that dossier. It's basically his evidence, his written evidence of why he thinks he can explain he didn't set out to deliberately mislead Parliament. In a moment, we'll be speaking to someone who a year ago was freed from prison in Iran, a British Iranian, and who he and his family blame for his long incarceration. The British Foreign Office doesn't come out well from this. You will have undoubtedly heard of Nazanine Zagari Ratcliffe. She was released from prison just over a year ago. Tonight, Monday night, it is Iranian New Year. But when she was freed from prison, so was someone else, Anusha Ashuri. He hasn't spoken much since then, but he has decided to come into the news agents with his daughter who campaigned for his release to talk about what they went through and Iran's future.

And they gave us or they gave other families, to be fair, their understanding of what went wrong and how they were given the wrong advice. Clearly, this was a crime of the Iranian authorities, but they feel they were let down by the advice they got from the British government.

And I think it's worth saying that since the death of Maso Amini, the young Iranian woman whose death triggered a wave of protests on the streets of major cities throughout Tehran, really the whole country, it's been a story that has grown and grown. We haven't been able to cover it every day or even every week, but we wanted to mark it because of the sense of this fundamental change that could be happening before our eyes, the bravery, the outspokenness, the sense of young people, young Iranians who think this is a time of real change now. And Alika Ashoury is one of

them.

Anusha Ashoury and Alika, it's wonderful to have you in the studio with us. Thank you so much for coming in. It is a year now since you were released from prison with Nazan Isgari Ratcliffe.

Have you got used to freedom? Yes, I know. Freedom in the sense that I'm now free to run, for example, in Greenwich Park doing my exercises, yes, but free in my mind as long as I have my friends stuck back there. No, I'm not free. And that must be so difficult, isn't it, to know that there are still people languishing in prison who probably almost certainly have done nothing wrong?

Exactly, because I know them in person. We have lived with each other for years and you know whether they are innocent or not, because when you're interacting with people for such a long time, we used to call it an onion. As you start peeling an onion, you end up reaching its core. So when somebody comes in and tries to be somebody else due to interactions day of the day, month of the month, then the true identity will be relieved. I'm not saying that everybody's innocent in there, but many are innocent. And I'm really sorry that they are still there and I am out here.

Are you able to communicate with them? Do you call, do you write? What kind of...

I shouldn't elaborate on that, but indirectly I am and I know that the situation has got worse.

Before we move on and I want to talk to Elika about the protest, you're very involved in the women's rights and freedom protests, but just give us a sense. Anusha, whether this last year has gone very quickly, very slowly, whether you have moments where you are pinching yourself, that you're out, or I don't know what it's done to your mind.

I sent a voice message to my wife Sherry about time, about the concept of time, because I'm a Star Trek fan, so we are a bit scientifically minded as well.

What we used to say in Even Prison was that time is such a strange thing. Every day feels like a century, but then years seem like a day, because you go and ask this person, how long is it you're here? It says nine years. The other one says seven years.

And at the same time, you're struggling to finish that one day that you are there.

And it did actually appear like a flash, having passed this one year since my release.

And how did you get through an endless day? Was there a way of, you know, I'd say putting one foot in front of the other, but you can't even do that in prison. How did you get through from the moment you wake up till the end of the day? What is it that?

With me, I was lucky enough to participate in exercises with a group of people who did do exercises every day. And part of that exercise is involved running. So I joined them and I was out of breath before 10 minutes. Out of the prison? No, inside the prison, we had this little gym that we were allowed to use it up until the time. Then we were banned from all social, cultural activities for one or two years. So we were all stuck in four rooms.

And when you were in the prison, were you aware of the efforts being made by your daughter, by other family members, by pressure groups to get you released?

To an extent, yes, because my wife, I mean, I used to ring her every day.

And she used to explain to me what is happening, all the things that she could, she was, because all these voices are being taped. So she was being careful. But yeah, I was...

Because at one stage, you said to her, go on with your life, leave me, abandon me.

And she told you, don't you ever say that again? Where did that come from?

Did you really mean that when you said that? Yes, because when they give you a 10-year sentence, it was a 12-year sentence. And especially when I started to speak out about the dire situation in Evan prison, I received my second charge, dissemination of falsehood. Because I was saying

[Transcript] The News Agents / Can Boris Johnson defend the indefensible?

that we are fighting with bedbugs, cockroaches, rats. So I was taken to the court and another three years was about to be given to me. So I would perhaps serve 13 years.

I mean, if you love somebody, you don't expect them, you don't want them to go through that agony for as long as you are in prison. So you might as well break the rope and tell them to go and find a new life. At least you will be happy that only one person is being destroyed, not many, like my children, like my wife. And what was that like to hear from the family for Anousha's children? I mean, we disregarded what he said. It was nonsense to us. There's no way we would have done that. And in fact, for us doing the campaigning and all the advocacy work helped us. It was sort of our therapy because it keeps your mind from wandering and it keeps you from going insane because the magnitude of what's happened is so large that if you don't have something that you can focus on on a day to day basis, you would go crazy. So in a sense, it drove us to do even more campaigning for his release.

And Erika, both of you, did you get a sense that the British government was doing enough or was too slow? Or how do you make sense of how it took so long? And then eventually there is freedom quickly. Yeah. Well, for the first two years that my dad was taken, we were silent on the advice of the foreign office because they said to us that if we kept quiet, things were more likely to go ahead and have a positive outcome, which we then realized it was extremely naive of us to believe because when COVID happened, a lot of prisoners were furloughed, including Nazanin. My dad was left in prison and that's precisely because we were quiet and there would be no repercussions for the government if my dad was kept in there. And that's when we actually,

we felt the truth hit us the most and we thought we have to go organs blazing and be really, really loud. So is the wrong advice? Absolutely. And even now, when I talk to other families of people who have been taken hostage and people who are, you know, because it's happening all the time, everyone's scared because they scare you, they scared a family, they say if you go loud, you might diminish all the chances of getting someone out. But it's so untrue and I always tell people don't do that. So what made the difference with the British government? Your noise or was it something else? Our noise definitely helped because we've seen that not every hostage is free. And I think, yeah, that definitely helped. And it wasn't a coincidence that it happened so quickly after the Ukraine war broke out. I mean, when Nazanin Sakharaklev came out and she gave her press conference, she sort of sweetly berated her husband for saying a well done to the British government. She said, I've sat through, you know, five foreign secretaries and none of that worked. Liz Truss, who was foreign secretary at the time, wrote a piece. She's taken the credit for being the one that did actually get things moving. I mean, do you accept that it just took somebody to bang heads together and say get the 400 million paid? I mean, it doesn't help the fact that the UK government denied any links between this money and the release of prisoners for many, many years. It was only in the last few years.

And this was money for tanks, wasn't it, relating back to the Shah of Iran?

Yeah, to Iran from pre-revolution times. But when we brought it up in our first meetings with the foreign office, they would deny that the two had any relevance. But it was towards the end when they actually started to accept that, in fact, those two indeed were the same. And it could have been paid a long time ago. We didn't need to wait these many years.

Why do you think they waited so long?

Well, there are so many factors. I mean, two people as collateral, as pawns in a political game

[Transcript] The News Agents / Can Boris Johnson defend the indefensible?

between two countries, they don't have much value as human beings when governments and all this amount of money is involved. So we know that now. We know that individuals don't matter. The only thing that gives us value as individuals is if we're loud about it and if we tell people what's going on, so that we kind of tie the hands of the government as to how they act.

So you're with Nazanine Zagari-Rackliffe when she says, look, we haven't got a lot to be grateful for from the British government. Especially, for example, for the blunder that Boris Johnson made. Nazanine could have been out much earlier. She could have been with her daughter much earlier. This pain would have perhaps stopped for her. Unfortunately, that didn't happen.

And that was Boris Johnson sort of making some comment that she'd been working trading journalists.

In fact, this is one of the traits of the Iranian government. There have been so many times that they come and tell you that you are about to be released. Go and pack up and you go and pack up. It has happened. They usher you towards the exit door of the even prison. You come out.

Your family is waiting on the other side in a car ready to embrace you. And as you go and hug each other, they come and say, oh, it was there was a mistake. And then you are sent back.

I mean, this technique of raising your hopes for freedom and then shattering it is a sort of torture in itself, because you see the face of that person who returns after that.

And that pain is in fact transferred to you in that room. Then you don't expect British government to do the same thing by raising your hope that you are going to be freed, Richard, be prepared to receive Nazanin. And then everything shatters.

And may I add that it's almost if we go even further back from my dad or Nazanin, hostage taking has been a common practice in Iran for so long. And to prevent all of these cases from having happened, they could have stopped that connection with Iran. They could have put the RGC and the Islamic Republic on a terror group so that these interactions don't happen, so that the Islamic Republic legally can't stand on any sort of legal ground. Exactly, the Islamic Revolutionary Guard Corps, so that their tactics wouldn't have legitimacy, so that future hostages wouldn't be taken. But you said at the beginning, things have got even worse now. And of course, we understand we've lost some 500 young people in the protests that are trying to celebrate an advocate for women's freedom in Iran now. Elika, what is your sense of where these protests are going? I mean, we've seen that fear of the government being shattered since the murder of Masa Amini in September 22. And that's, I think, the most integral part of this movement is that the Islamic Republic can't scare people anymore into obedience. And that's why a lot of women are now walking around without their head covering. But that's just the starting point. I think this is kind of the downhill for the regime. And obviously, it's not going to happen overnight. But it has been inspirational to see, I mean, it might sound like a mundane thing here to think, you know, a group of schoolgirls in classrooms taking their hijab off. But I went to school in Iran. And if we've done that, it's not expulsion that is the threat that hangs over your head. You can get sent to jail, you can be stoned, braver. Are you saying that's not happening now? There's too many. There's no fear. There are people doing this. Yeah, there are girls doing this. There are girls that cut their hair and give finger signs to the picture of the supreme leader on the school blackboards. It's admirable, the amount of courage. And are you worried, though,

that this isn't getting the same amount of headlines as it was a few months ago? There are so many other things in the world where the beam of the lighthouse moves away from Iran

[Transcript] The News Agents / Can Boris Johnson defend the indefensible?

to somewhere else, that actually this is exactly what the Iranian government was waiting for. It was waiting for this to move out the headlines, and then it can be even more oppressive. Yeah, if this does die down in the news, they will come back with a full force of almost equivalent to a Taliban regime. But that's why we're not letting it happen. The people of Iran are not letting it happen. And it's the duty of every Iranian in the diaspora within Iran to keep that fire burning. In fact, what happened to us is like a small reflection of what's happening to Iran because we struggle to stay in the media. I mean, we're not very media attractive as news because, you know, my dad's older, he's not Caucasian, and we're grown up and it wouldn't catch headlines. But we would learn to navigate through that. We learn to deal with it in a way that we could stay relevant. And we're applying the same lessons that we learned to this movement now. And when we hear now about the gassing, the poisoning of young women on the streets, I mean, these are these are kind of forms of torture and silencing. And I know that you, from within Evan prison, experienced some pretty dark moments. The gassing, it's like mass murder of young girls by gassing them in different cities. The poisoning. Yeah. And it reminds me when they could not extract what they wanted from me in the interrogation center because I actually spent more than three months in two interrogation centers. One was the Ministry of Intelligence within the Evan prison compound. Then when they failed, they sent me to an interrogation center outside Evan prison, which belonged to the IRGC. And I spent two weeks there and then they sent me back then into the prison compound. When they could not extract what they wanted, they took me, it coincided with Sherry's birthday. So I was promised that I would, it was in September

and I would be taken to talk to Sherry. They took me blindfolded to this place. And as soon as they took the blindfold out there, instead of a telephone booth that I could talk to Sherry, it was a chief interrogator, a notorious one. He said to me that, look, from an infant, this is exactly what he said to me. From an infant to a 99 year old woman, I have no mercy. And when we started talking, I became so emotional and I started crying out loud. And I was on hunger strike then because I was on hunger strike for 17 days. They gave me a glass of water and my hands was shaking like that. So the water was spilling and I was trying to tell him that, look, I have done nothing to deserve this. And he was smiling and I just looked back and this young man, the soldier who was accompanying me, he was crying harder than I was, the young man. And he was having a smile on his face. I mean, you are dealing with these people.

Did they believe that you had done anything? I mean, do you think they actually believed that you were guilty of espionage? He even told, my interrogator at one time, he gave me 50 pages, blank interrogation pages. He said, I really don't care what has happened. Go and feel this with any scenario that you think it's right. I mean, that led me together with the threats of killing my family members. I made three suicide attempts in the interrogation center 209. One was trying to cut my wrist, which they actually forged in and they were worried about the carpet becoming dirty because of the blood that would be spilled on it. The main worry was the carpet that they had to wash, an old carpet. The other one was when I tried to do water poisoning, which I failed. And the other one was I remembered when I was student, I bought a book. It was about Adolf Eichmann. They translated and it was showing all the people who died in Auschwitz. So I remembered

that and I decided to go on a covert hunger strike because you go on a hunger strike to protest against something. I just didn't want to exist. For the first four days, I didn't drink water.

[Transcript] The News Agents / Can Boris Johnson defend the indefensible?

That was when I was taken to that chief interrogator and I had my first glass of water. And from then on, for 17 days, I did not even eat anything. So I was 82 kilograms and when they took me to another place, I was 65 kilograms when they weighed me.

Can I ask you both maybe a final question? Are you optimistic for the future of Iran?

I am. I am because this time is different. I mean, I have suppressed so many oppressings, but this one, because this is the first women led revolution of the century or perhaps of the previous century. So I am really optimistic. Yeah. Oh, 100 percent. I'm definitely optimistic, even from the things that I've seen so far. You can't put back spilled milk into a carton. And I think that's what's happened with Iran. And it's just a matter of time before democracy is reinstated in Iran. Both of you. Thank you so much. Thank you. You know what, halfway through that interview, and we're hearing the most harrowing story of this guy and what he is being put through, I didn't think the interview would end on such an upbeat, an optimistic note about how they see the future of Iran. Yeah. A place that has been full of protest, really, and bravery and the outspoken gestures of young women, even schoolgirls who, as you've heard, are facing down the most appalling threat of brutality and stigma and arrest to live the way that they want to live. But also, just fascinating, actually, to hear them talk about the lessons they've learned that they want to pass on, which is, God, if that happens to you or your family, you shout about it. You do not go quietly. You make a noise. You make a scene. Otherwise, you end up being forgotten. In a moment, we will be back talking about the banking crisis, what it means for us, what it means for Switzerland, what it means for the global economy. That's to come.

This is the news agents.

Welcome back. If you were listening to us last week, you might have heard Hugh Van Stenis. Now, he used to be on the Monetary Policy Committee of the Bank of England, and he was talking to us about the way that Silicon Valley Bank had collapsed. He said, rather prophetically, I hope I'm not back in four days' time with some new aspect of a crisis. Boy, what a weekend it has been. Unfortunately, Hugh is in America and traveling. He can't be with us. But, oh, my word, has there been an epic crisis this weekend with one of the biggest banks in the world?

Yes. If last week was about Silicon Valley Bank, which was predominantly a bank for tech businesses and tech stocks, this time, it's a battle of two Swiss banks. UBS, which is Switzerland's

biggest bank, but Credit Suisse is basically collapsing. It's about to go under as a result of a very, very speedy rise in interest rates, coupled with a lot of systemic problems that the bank has faced over the last eight or so years. UBS, who is the number one Swiss bank, has reached in and bought it. Great, you might think. That's job done, disaster averted, all the rest of it. But the way that has been handled by the Swiss authorities and the Swiss government, who kind of know what they're doing when it comes to banking, has raised eyebrows. And it's raised eyebrows because the whole hierarchy of how they've saved and who they've given money to and who's been bailed out and who hasn't, has really spooked a lot of other people who've got their money in bonds. I mean, some of it is really technical, but a simple example, a bank like Credit Suisse is that the shareholders of the bank have just been trampled on because the Swiss government passed a law over the weekend, which said they had the right to make decisions over what the future of the bank should be. And the shareholders have absolutely had no state. When Bear Stearns went under and JP Morgan took it over in the 2008

[Transcript] The News Agents / Can Boris Johnson defend the indefensible?

financial crisis, the shareholders were at least consulted on this. And on this occasion, they have recognized some shareholders as having an importance say and how much they should be compensated,

others not so much. Yeah. And I think that's where it gets complicated, because normally shareholders in the bank that's collapsed would get nothing. They basically see all their assets, all their money, all their equity wiped out. This time round, two of the biggest shareholders in Credit Suisse were Saudis, the Saudis and Qataris. So actually, when it comes to the payouts, the shareholders are getting money. And that has spooked people who've owned the bonds and they're not getting the money. So this is incredibly complicated. But the question at the centre of it, I suppose, is whether what has gone on over this weekend is making people nervous enough to start trying to take their money out. And that's basically contagion. And there's this wonderful phrase I heard today, which is that the financial markets basically err between fear and hubris. And as soon as things are going well, they err on the side of hubris, too much pride, too much risk. And as soon as things are going badly, they panic and err on the side of fear.

Panic first, ask questions, please. Right. And that's the place that we're in at the moment.

We are watching to see whether what has happened with Credit Suisse could have an impact on lots of other banks and banking. And there are 5,000 people in London who work for Credit Suisse, and they are going to be watching very nervously to see what happens to their jobs now, too.

And there are millions of us who may have our accounts with the High Street Bank and feel relatively safe about that. And I'm sure we're right to feel relatively safe about that. But the 2008 financial crisis had major repercussions for the world, the ripples of which are still being felt. And I think people will be talking about the 2023 financial crisis. Let's pray that this is the end of it. But it still seems very uncertain. So we wanted to kind of get the wise counsel of Skye's economics editor and Times columnist Ed Conway. Ed, thanks for your time.

What is going on? I think that's even harder at this time to try and explain that than it was back in 2008, I think. Because if you talk to financial people, they're like, okay, there's lots of different idiosyncratic issues happening across the system. So you've got what happened with Silicon Valley Bank is very, very different to what's happening with Credit Suisse. And there was a result putting it together is quite tricky. But the common factor is interest rates have gone up a lot. And when interest rates go up, the system just gets more strange. It's just the way it is. It doesn't necessarily mean it's a financial crisis. But if you look back through the 18th and through the 90s, and even before that, every time interest rates went up a lot, you have bank collapses. And so that is not unexpected for you to have some problems as a result of higher interest rates. The issue is that the nature of the rescue in both cases, I think raises questions about whether the financial regulators are doing the right thing or not. People understandably freaked out. We've learned you can have a bank run incredibly quickly now. There's big stuff, but the problem is it's lots of bitty, big things around the world. Ed, I was speaking to somebody in finance, and they said that the Swiss government had basically rushed this deal through to stop the

bankruptcy, to stop contagion. Obviously, that's everyone's biggest fear. But he questioned whether they'd actually made it worse. And maybe you can explain this point to our listeners and to our viewers that normally shareholders in Credit Suisse would be the last people that you'd think about. They'd be the last people that you'd try and bail out or that you'd pay equity to. They'd expect to be wiped out of this. Like, sorry, but your bank's gone bust and you don't get it.

[Transcript] The News Agents / Can Boris Johnson defend the indefensible?

This time, they've got something. And this person suggests it's because basically the biggest shareholders are the Saudis and the Qataris. Does that speak to what you were suggesting, which is the whole hierarchy of payouts has been overturned and that people are more worried now about the way this has been handled than they were before? On the one hand, they're reassured that something's been done. Because like you said, Emily, if the bank had gone down, that would have

been really bad. It would have been Lehman Brothers. Because when you have big systemic investment banks collapsing, then the world is a network of interlinkages between all these banks and you spend a long time trying to clean up the mess. So I guess they're reassured by that. However, yeah, the way that this was arranged has raised some massive questions over the foundations of why people actually invest in certain shares in banks. So the particular issue here is that following the financial crisis in 2008, people realized that you needed to provide different kind of emergency mechanisms for ensuring that if there was a problem at a bank, certain forms of ownership class would click in and then they would help buffer it against collapse in future. And these kind of special bonds were called contingent convertible bonds. They called them 81s in Europe. And essentially, these types of bonds were designed to, if the bank is going to collapse, they were designed to suddenly convert into common equity, therefore bolstering your balance sheet. It's like an emergency protection scheme.

And the problem in this case, okay, is that they activated the contingent convertible bonds, right? No one's surprised by that. All those people who owned those bonds were wiped out. Again, maybe not really a surprise there because the banks came so close to collapse.

But the issue is that you would have expected them to be treated just the same as typical shareholders in the events of this conversion. And that didn't happen. And it might well be that there's some small print that can help explain this. But as a result of that, you have across Europe right now, and even more widely, a lot of people who hold these kinds of 81 bonds, they are a fundamental part of the ownership structure of banks around the world. And they're now asking themselves, well, hang on, is it really worth as much as I thought it was worth? That's the danger. If all those people suddenly decide they're worthless and they try and cash them in or get rid of them, then you've got the contagion that people are worried about in the first place. It's another thing that can lead to a different variety of contagion that no one was expecting right now. And I think that's the issue. Is the response actually making people more nervous? They have really confused investors and not just investors, actually normal depositors.

So the regulators by dint of their rescue have raised further questions that are further unnerving people in the markets. And Ed, what now happens? Obviously, the extraordinary measures taken over the weekend for UBS to take over Credit Suisse. Are we in the clear now? Is the contagion over or is people sitting and waiting to see whether there are further ripples?

It is funny. So while Silicon Valley Bank was being rescued, I was talking to various different people within the regulatory authorities in the UK. And as they were dealing with Silicon Valley, they were like, hang on, the one you really need to be worried about now is Credit Suisse.

And I was like, what? Credit Suisse? And then it turns out that later that week, we all know what happened next. Now, they seem less nervous. But you've got to ask yourself the question. The Swiss stepped in and basically dealt with this really quickly over the weekend. It was pretty efficient. There are big question marks about the nature of the way they did it

[Transcript] The News Agents / Can Boris Johnson defend the indefensible?

and what they did with various bondholders, which are echoing across the system. But they were fast.

If there were a problem, let's say, BMP Paribas or Deutsche Bank, both of which have quite a lot of debt to turn over in the coming months, could the European regulators actually step in as quickly? I don't know if they could. But I think more broadly, it doesn't feel like 2008, but it doesn't necessarily mean that you don't get a confidence crisis. And every single bank in the world, if every depositor took out all of their money, then every single bank in the world is bust. That is the nature of fractional reserve banking, as it's called. And perhaps what this has underlined is you are inherently vulnerable to runs. And even banks that are pretty well capitalised are vulnerable to crises. Because Credit Suisse was not badly capitalised. It wasn't a total standout disaster like RBS ahead of the financial crisis in 2008. But confidence can be shattered pretty quickly. And we're living through a period now where people's confidence has definitely been undermined. It's so interesting. Brilliant of you to join us. Really appreciate that. Thank you so much. Really helpful. Thanks for having me on. And I think you raised a good point at the beginning, which is the reason that I think we are so primed now, the moment we see economic unrest and potential contagion, is clearly because the economics are how the country runs. But also because of the impact it can have societally. And we saw that in 2008. We saw how much the financial crash impacted everything culturally. Everything to do with questions of fairness. Everything to do with levelling up. Everything to do with the rise of populism. Everything to do with maybe Trump, maybe Brexit, maybe Boris Johnson. So much of that can

be traced back to an economic crisis which left people feeling they'd been ignored. The banks or the bankers had been saved and they'd been ignored. And they had lost their homes. They had lost their jobs. In America, they were waiting like times immemorial for the factories to reopen. They just didn't. And you're left with a population disaffected, disillusioned, looking for someone who will give them an instant solution. So the ripples of these things are felt in a much more major way than perhaps people anticipate. And we are praying we are not there this time round. We are hoping we are nowhere near a 2008 scenario. But if we keep on dipping back to it and asking these kinds of questions, well, I guess that's why. Anyway, we are off. Back tomorrow.

Back tomorrow. And tomorrow, of course, the Casey report into the attitudes and behaviour of the Metropolitan Police, which is going to be a seismic day for Britain's biggest police force. And we have not only the Casey report, but the Casey herself.

Louise Casey will be joining us here on the newsagents.

Thanks for being with us. See you tomorrow. Bye-bye.

This has been a Global Player original podcast and a Persephoneka production.