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A meeting I'll never forget

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After spending decades in the financial markets, there are certain meetings that truly stand out in my memory. Some because they were particularly intense, others for the insights they provided – and a few for the unique dynamics in the room. One of the meetings I remember most vividly was the first time I met Scott Bessent. It was one of those moments when you instantly recognize that the person in front of you possesses a rare sharpness, a presence that leaves a lasting impression. The markets were in turmoil, the decisions were significant – and in the midst of it all, this became a meeting I would never forget.

In late November, Donald Trump nominated Scott Bessent for the position of Treasury Secretary, a nomination confirmed by the Senate at the end of January. For many, Scott Bessent is not a relatively well-known name, even though he was mentioned as a candidate for the role during the fall.

So, who is Scott Bessent? I know! –I first met Scott 30 years ago. People often say that first impressions last, and in this case, that couldn't be truer.

On 16 September 1992, the UK was forced to exit the Exchange Rate Mechanism (ERM). It is no secret that George Soros' Quantum Fund played a significant role in the massive sell-off of the British pound that led to this event. On the same day, Sweden's central bank, the Riksbank, raised the marginal interest rate to 500%. Three days later, the government and opposition presented a joint crisis package, and the interest rate was lowered to 50%. Further cuts followed in the late autumn, but confidence in the Swedish krona was eroded. On 19 November, Sweden abandoned its fixed exchange rate, allowing the krona to float, which resulted in a devaluation of around 20%. Thanks to the crisis package and devaluation, Sweden's competitiveness was significantly strengthened.

At the time, I was working as an analyst at the Carnegie Fondkommission. One day, I received a call from an excited Mogens Vad, the head of Carnegie's New York office. He informed me that Soros had tasked us with arranging a short trip to Sweden. His team wanted to quickly gain a deeper understanding of the Swedish business landscape. We scheduled eight to ten meetings per day with the management teams of some of Sweden's largest publicly traded companies. They also wanted to meet with the Riksbank, though the central bank was initially hesitant. I pleaded, and eventually, we managed to arrange a meeting with Eva Srejber, then head of the monetary and foreign exchange policy department.

Soros' visit began with breakfast at the Grand Hotel, where a colleague and I were set to give a brief presentation and share our strongest stock ideas. Before the meeting, we called to ask how we would recognize each other in the lobby. The man on the phone replied, *"I'll be wearing a very pink shirt."* When we arrived at the hotel, spotting him was no problem. We were greeted by Gerry Manolovici, a seasoned portfolio manager and emerging markets specialist, and Scott Bessent, who was responsible for Soros' European investments.

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As we began our presentation, the conversation started like this:

"So guys, tell us about your best ideas."
"Well, we think that Ericsson is an interesting stock for a number of reasons."
"Ericsson – the story is over – what's next?"

It was not the response we were hoping for, and we were momentarily taken aback. However, the discussion that followed was engaging and productive. Gerry was more the tough, up front type, while Scott was more the active listener. Every time I met Scott to discuss investments, he quickly grasped the key points, asked a few well-informed and insightful questions, and then made a decision.

Gerry also wanted to play squash one evening and asked us to find him a worthy opponent. *"I'm a B-level player in New York, so you gotta find a decent player."* We reached out to the prestigious Gärdet's Squash Club, explained the situation, and asked them to arrange a strong competitor. They did not disappoint, and Gerry just might have suffered a loss.

I never met Gerry again, but I remained in fairly regular contact with Scott. As an analyst, I presented several investment ideas to him over the years. Later, when I worked as a broker in New York, we kept in touch, albeit more sporadically, as he eventually became the Chief Investment Officer (CIO) at Soros. He later left Soros to start his own fund, Bessent Capital, and later ran Key Square Capital until he entered politics. It is also worth noting that Scott has been an adjunct professor at Yale, where he taught economic history.

So, what about Bessent? The US is grappling with a massive spending problem, and addressing this will be central to Bessent's economic plan, which he has outlined as "3-3-3": reducing the budget deficit to 3%, achieving an annual GDP growth of 3%, and increasing domestic oil production by 3 million barrels per day. Regarding tariffs, he has stated that they should be seen as a starting point for negotiations rather than a rigid policy. One of the key concerns he has lifted is that too few private-sector jobs have been created in the U.S. – most job growth in recent years has come from the public sector. For Bessent, economic growth and reduced government spending go hand in hand. He has also been highly critical of the Inflation Reduction Act (IRA), calling it "the doomsday machine for the deficit."

Scott Bessent has spoken openly about why, after more than 30 years, he is leaving the hedge fund world for politics. As he put it:

"I think, in a way, 2024, 2025, or this election cycle is the last chance for the US to grow its way out of this mountain of debt without becoming some kind of European socialist democracy. I think it's now or never."