

ALUMNI AT LARGE



Political economics: *it's all in the narrative*

In the aftermath of 9/11, everything **Dr Pippa Malmgren** (MSc International Relations 1986, PhD 1991) had worked towards would be defined by what she did in seven minutes.

Pippa had seven minutes in which to advise President George W Bush when, in the wake of the terror attacks, 75 per cent of the global trading capability in US government bonds was wiped out and the US stock market was down for the foreseeable future. Numerous heads of state have

since sought Pippa's counsel, her reputation confirmed as one of the world's leading political economists and commentators who can provide salient insight in clear terms. "You do only get about seven minutes and half a written page to present your recommendations and solutions. That's the deal," she says.

Concisely explaining complex economic models to world leaders demands a gift for communication, and Pippa passionately advocates the use of plain English. "My mother read English at Oxford and my father studied under the Nobel Laureate Sir John Hicks, one of the great 20th century economists," she says. "So from a

young age, I was aware of the relationship between economics and language. People often assume my life is all about the numbers and the maths, but while I was studying Keynes and learning what a basis point was, I was also soaking up Tolkien, Auden and Carroll."

"It is important that we study economics in great detail and understand its complexities," she continues. "But it always needs a compelling narrative: no textbook on The Great Depression encapsulates the impact of economics on society quite like Martha Gellhorn did in *The Trouble I've Seen*."

Pippa realised she could bridge the language gap between economists and policymakers while working in the financial markets in the 1990s. Witnessing both sides of a distant relationship – traders' knee-jerk reactions to politicians and, in turn, policymakers demonstrating at times an irrational approach to economics – she found herself perfectly placed to mediate and translate.

"I discovered that I knew both the language of the trading floor and that of the politician (it was akin to speaking Klingon and Federation in *Star Trek*), and I established myself as someone understood and trusted by both audiences. I reasoned that to influence global policy, you must communicate simply and clearly when it matters. It got me noticed."

While a life in political economics was always a distinct possible trajectory – her father, Harald, was an economic adviser to four US presidents and she grew up with regular access to world leading economists – it soon became a defined ambition.

Instead of staying in Washington to work her way up to the Oval Office from within, Pippa listened to her parents and their peers, brilliant academic minds such as Raymond Vernon and Thomas Schelling. Their message was unanimous: to serve her country, she must first experience life and culture outside it. Where best might she simultaneously pursue her master's? "At LSE. Without hesitation. Raymond and Tom both said that I should study at a place which offered the best education and provided that rich cultural perspective. It had to be LSE."

The School in the late 1980s was, she says, both a heady academic environment – "It was like skiing with ideas, we slalomed through multiple, fascinating

concepts" – and the eye-opening experience she had been promised. She discussed politics with people who had grown up under communism, rather than fellow Westerners who had studied it in a textbook; she learned alongside the future head of an African tribe whose LSE education was not just an achievement but a duty, and she whiled away hours in Wright's Bar dissecting course notes with her classmates: "It was like an Alice in Wonderland rabbit hole," says Pippa. "Everyone was seemingly always in there, which is mathematically impossible. And it was so cheap."

Pippa returned to LSE for her PhD, earning her doctorate in International Relations in 1991, before the career in financial markets that would ultimately lead her to the White House, first as Special Assistant to the President for Economic Policy on the National Economic Council, and latterly as a member of the President's Working Groups on Financial Markets and Corporate Governance.

Over the past decade, Pippa has continued to advise policymakers, and currently guides investors on the impact of politics, policy and "geographics". She is also finalising *Signals*, a book ensuring that the plain everyday messages the world economy sends such as "shrinkflation" are noticed so society can be better prepared.

Last summer Pippa was invited back to LSE to speak at graduation. "It was an honour and I hope what I said will resonate with graduates – if not immediately, then in time," says Pippa. "I spent months pounding the streets with my résumé, actually wearing a hole in the sole of my shoe in my search for work. One day, I found myself in The Recession Café on Wall Street. The penny dropped: *this* is what they mean by 'recession'. Our LSE degrees will open doors but we have to know how to use the knowledge we have acquired."

If she had seven minutes in which to advise recent graduates seeking to get noticed in today's economic environment, what would she say? "Invoke the spirit of entrepreneurialism: in whatever walk of life or professional field you pursue, be innovative. Even in a large multinational, you have no choice but to be an entrepreneur. If you only do what the job demands, you will be replaceable; you must go beyond the parameters of your role to become irreplaceable.

Also, do not be afraid of calculated risk taking: it is entrepreneurs and intrapreneurs who drive the global economy." ■

Pippa Malmgren was talking to Chris Kendrick, development communications officer at LSE.

"When history touches you on the shoulder, be sure you have an informed view"

An excerpt from Pippa Malmgren's graduation ceremonies speech at LSE in July 2013

"The moment that a president or prime minister asks you for your opinion is both the moment you've trained for and one of the most dangerous moments in your life. One of the greatest character tests you will ever face is holding power in your grasp: whether you have the ear of a leader or the public, or your hand on a ballot box.

When I crossed the transom of the Oval Office I realised that JR Tolkien came more to my aid than JM Keynes. For Tolkien wrote about a hobbit who could hold power in his hands and deliver it to its rightful destination without becoming seduced and changed by its trappings. Don't let the spirit of Gollum hold your tongue, or make you say things you think others want to hear, just so you can remain in proximity of power. The world's leaders and the public alike need your honest opinion, especially when you stand alone in your view.

So, push back your textbooks now and make room on your bookshelves for poetry and fiction because, as JFK said: 'When power leads man toward arrogance, poetry reminds him of his limitations.' Remember the admonishment of Peter Drucker who reminds us to 'discover where your intellectual arrogance is causing disabling ignorance and overcome it'. Do not be contemptuous of knowledge in other areas, or believe that being bright is a substitute for knowledge."

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