



World

Meet the Malmgrens: the extraordinary family US presidents turned to

Harald was adviser to four consecutive presidents and daughter Pippa followed him into the White House



Harlad Malmgren and daughter Pippa: special advisers to many US presidents



[Harry McGee](#)

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Meet the Malmgrens. You might not have heard of them but they are members of an extraordinary family.

Harald Malmgren was a senior adviser to four consecutive US presidents beginning with John F Kennedy in the early 1960s, an academic and policy high-flyer while still virtually a youth.

Pippa, the eldest daughter of his six children, followed him into the White House and was appointed a senior adviser on financial markets to George W Bush when he became president in

2001.

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Father and daughter will be speaking at [Kilkenomics](#), the festival in Kilkenny that combines two improbable disciplines, comedy and economics. The Malmgrens will definitely be majoring on economics but with a soupcon of humour. They hold broadly similar views on a lot of things including the Trump presidency. But they are very different in other ways, most notably in their respective economic prognoses for the next few years.

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Harald is now 82 but he has been a high flier since his 20s. He initially studied physics but switched to economics and after graduating first in his class in Yale, was awarded his doctorate from Oxford University at age 27.

He began lecturing in Cornell University but was head-hunted by the Kennedy administration. JFK wanted to shake things up after the inertia of the Eisenhower years and bring in fresh talent.

We were told not to tell the generals what we were doing, just keep asking them questions and get them to rethink

“I was a superstar academic in those days. I was like being somebody who was the number one draft for the NFA. Of course, I did not think of myself that way but they decided they needed me.”

Harald worked in the Pentagon where he became part of a group known as the “whizz kids.”

“We were there to bring fresh thinking. We were told not to tell the generals what we were doing, just keep asking them questions and get them to rethink. We were just coming out of the Cold war and lot of things had gone stale before our arrival.

Harald was what he calls a “utility player”. For example during the Cuban missile crisis, they tackled such hypothetical situations as America striking Moscow with a missile. If Moscow wanted to stop fighting, who could America talk to if it had taken out the Russian leadership? Or if America told Moscow it wouldn’t hit Moscow, would the Russians reciprocate by not hitting Washington?

Nixon asked me, are you are a Republican or Democrat and I said 'Yes'

When Lyndon Johnston took over, he also hired Malmgrem as a senior aide because Harald was not partisan. "He said to me: You don't take sides. you are a fix-it kind of person."

That kind of practical approach saw him cross the political divide to become an adviser to Richard Nixon and then to Gerald Ford.

“Nixon asked me, are you are a Republican or Democrat and I said ‘Yes’. I said I am a problem solver and I don’t take sides. I will seek consensus and that will involve compromise.

“I was an academic who had been put into the role of power and politics. It was super fascinating but nothing to do with maths. It had to do with human interaction and how you can get control and move something and make something happen.”

All of this happened in his late 20s and early 30s. In protocol terms he had the rank of ambassador, the youngest since Benjamin Franklin.

And his expertise. It extended from military to trade to economics to world trade agreements to finance to systems.

For a while it seemed inconceivable that Pippa would follow her father's career path. When she was younger she struggled academically. But she too has a doctorate, from the London School of Economics and works in exactly the same areas as her father, advising on the global economy and finances.

I became the person who could explain it in plain English in a way that would not make them embarrassed

"I had a German-style apprenticeship. My father thought me what he knew."

Pippa's strength was not only her understanding of finance but her ability to communicate it clearly.

"I started to be asked by politicians and policy makers to explain what was going on in the markets and the world economy. I became the person who could explain it in plain English in a way that would not make them embarrassed. I became a trusted go-to person."





Philippa “Pippa” Malmgren, a former special assistant for economic policy to George W. Bush speaking at an American Chamber of Commerce in Ireland function in Dublin in 2004. Photograph Moya Nolan

But her approach to the markets was also slightly different. “Everybody else in the market was really a mathematician , crunching numbers. My approach was to have a conversation with those running the biggest business and in charge of policy . I tend to focus on the risk you can’t quantify (mathematically) and that would include geopolitics, and political risk.

“My whole career tells me if you try to get to an answer using a purely numerical approach you will get it wrong.”

“I like to connect the dots and see patterns. I look at things that are forward looking. data is yesterday.”

So what she looks at is called ‘signals’ and she has even written a book about it, with the eponymous title. She says she anticipated the 2007 financial crisis, the slowdown in China, the election of Trump and the possibility of Brexit.

She instances powerful signals coming from the fashion industry where factories in China were churning out so much cheap clothing. As patterns got more garish and loud, they were producing tops that would not survive a wash. While it seemed cheap, she concluded consumers were spending more than they could afford on disposable clothing, which to her was a big signal of an imminent correction.

She began working with Bush in 1999 when he was Governor of Texas and was in charge of financial markets during his first term. It coincided with seven of the largest bankruptcies in US history, as well as 9-11. The pressure and responsibility were enormous.

“They say that working in the White house is like trying to drink from a fire hydrant,” she recalls. “My dad worked in that environment. You have to learn to pace yourself, as nobody gets enough rest or sleep.”

It's the age of narcissism in politics

Harald knew how to pace himself. It helped that the atmosphere was more bipartisan. He said the advent of TV coverage polarised politics and also points to the big migration of southern States from being Democratic to being Republican. There was also increasing individualisation.

“We are in the peak of that with big egos in Washington talking directly to the public and clashing with each other but not listening to each other at all...

“Personal rivalries have fragmented the parties... it’s very disorderly. It’s the age of narcissism in politics.”

And into that void stepped Donald Trump. While Obama had focused on the increasingly powerful cities, Trump went for rural and rust-belt America, the forgotten "flyover America" as it is called.

He likens Trump’s success to the rise of populism in Europe. “They want a leader doing outrageous things and breaking old traditions which he does. It may seem ineffective in terms of policy change but he is having a good time tackling the establishment and pushing key members into a position where they have to resign.”

But Trump has not succeeded in making good on key promises on health and tax. “Trump is very disorganised. He does not do organised consensus-building.”

Going into the White House must have been like walking into a strait-jacket

By that Harald means he was a deal-maker who did not work in a team. And getting things done in Washington means support-building and consensus building with Congress.

Pippa’s opinion is broadly similar, especially because of the very different environment. “For him, going into the White House must have been like walking into a strait-jacket. He has to deal with other branches of government, confer with other parties, the Executive has to have relationship with the other arms of government.”

I have had a very positive outlook on Ireland since the financial crisis

Like Obama, he has promised change, she says, but has struggled to deliver. “The problem is that all the things he wants to do take time. Fundamental tax reform is a three-year process. You can say a lot but can’t deliver a lot until time passes. Also this kind of really big reform of tax policy requires working with Congress, which he has not been doing.

On Ireland’s prospects, Pippa is optimistic. “I have had a very positive outlook on Ireland since the financial crisis. One issue that I am watching closely is the EU position on Irish tax policy. The Irish view is that this is not negotiable. The EU thinks it is negotiable.”

Harald also homes in on the issue of Ireland’s much lower corporate tax rate. “It’s a pain for the bureaucracy in Brussels, which wants to control everything and can’t get a grip on what is going on.

“Ireland has handled it very well and resisted the pressure from the rest of Europe. Brexit creates some complexity but there are many theories about what will happen and how it affects Ireland.

It's on the global economy that both part ways.”

Harald says immediately he is not as upbeat as Pippa is on the US and global economy.

“The economy itself is over-extended. The stock market is way ahead of reality. The majority of new jobs in the US are part-time jobs. There are almost no full-time jobs in the monthly numbers ... The reality is we are shifting towards a gig economy.”

He sees problems for the American car industry which will have implications for other industries such as steel. Overall he sees slowdown, perhaps even a recession within a year.

By contrast, Pippa says she has been “very optimistic about stock markets and continue to be.

“I have been saying that inflation is real for the past six years and will keep picking up. That's an important event. I am not saying it will go crazy but it is a significant move from almost nothing to something.”

“Overall, I'm a bit more optimistic than dad on growth and stock markets.”

- *The Malmgrens will appear at Kilkenomics, the festival of economics & comedy, on Thursday, November 9th. kilkenomics.com*

Benjamin Franklin

Donald Trump

George W Bush

Gerald Ford

Harald Malmgren

Harry McGee

John F Kennedy

Lyndon Johnston

Richard Nixon

Trump

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