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with hedge fund manager Erik Townsend

Dr. Pippa Malmgren: Get Ready for Trump News Network

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Erik: Joining me now is former US presidential advisor and bestselling author [Dr. Pippa Malmgren](#). Pippa, it's great to have you back on MacroVoices.

Pippa: I love being back on MacroVoices.

Erik: Longtime MacroVoices listeners will remember right after the 2016 presidential election when Pippa joined us on MacroVoices and shared with us her hypothesis that President Trump's real motivation for running for the presidency in the first place might have actually been to set the stage for launching his own news network.

Pippa even went on to say that he probably didn't expect to win initially. But, of course, when he did win he wasn't going to turn down the presidency. She told us to watch in the reelection process for signs of a turn, suggesting there was a possibility if it looked like the president could not win the reelection that he might even drop out of the race and focus instead on launching a news network.

Now, what's happened is, of course, we did have an election. He didn't drop out. But already there has been an announcement that President Trump may be pursuing a news network, although he is still adamantly refusing to concede the loss of the election.

We're going to focus in today's episode on what it might mean if Pippa was right, as the circumstances seem to reveal and President Trump's real agenda here is not fighting to stay in the White House but rather drumming up an audience for a new Trump news network.

Pippa, let's get an update from your perspective.

How do you see the way things have been playing out? Because, quite frankly, as I've watched this reelection process, if I try to interpret the news based on the assumption that the president is trying to stay in the White House and continue his presidency, it's hard to reconcile some of his actions and statements.

It just doesn't seem like it makes a lot of sense for him to be doing the things that he's doing.

But if I look at it through a different lens and assume that his real goal is to drum up an audience to create the Trump news network that you described to us back in early 2017, boy, it seems like every decision that he's made and everything he's doing perfectly supports that objective.

Is that what you think is going on here? And what do you see next?

Pippa: Like you said, I've been making this argument for a while. And I'm kind of surprised that everybody seems so surprised. Like any politician, if they half a chance to create a news network they would definitely do it.

It's just that he comes from a television background, so he gets the game and how it works. And I think he, like I said years ago, like most candidates they think they might have a shot at the presidency, but they're not banking on winning. In his case, he was really just having a go in order to raise his viewership to literally reinvigorate his television audience.

And then he won.

And so, what better platform than the White House itself? But that doesn't mean it's the end of your story. I mean, I think what he understands is that having the Trump news network, a true media platform across multiple channels and multiple types of content, is vastly more powerful than sitting in the Oval Office.

So why wouldn't you do it?

Erik: I really want to focus on that point Pippa.

Because, frankly, you surprised me back in 2017. And this is just my own inexperience speaking. You've worked in the White House as an advisor to the US president, something that I've never come anywhere close to. So you understand this, I think, better than most people.

But to a lay person like myself, it seemed like, wait a minute, if you think of running a news network versus being the president of the United States, the most powerful nation in the world, to me president of the United States sounded like a much more powerful position.

But you actually told us that stepping out of the Oval Office and in behind a news desk as the head or chief of a new cable news network, you thought that was a step up in power.

Is that really true?

Pippa: Yes. And I think it's been the case that control of the narrative has always been the most powerful position to be in.

I know you've interviewed my father before, Harald Malmgren. And Dad always said when he worked for Johnson that Lyndon Baines Johnson used to say there is going to be a headline tomorrow and the only question is who is going to write it.

Is it going to be the editors of the newspaper or is it going to be us in the White House?

And you want it to be us in the White House every time. And he was a master at compelling the situation into – basically compelling the outcome that the White House got to decide what the news story was.

Most presidents aren't as effective at this. They are not masters of media management in the same way. But Trump is. And he gets this.

Let's look at the circumstances. He's got three million more voters this time than last time. So his audience has increased.

And, if you break it down, it increased in every category except for the one people expected and that was either uneducated or poorly-educated, middle-aged white males. In that category he fell. But in every other category – middle-aged black women, Latinos, just across the board, even immigrants of various kinds, he was higher.

So just because he loses the White House, in his mind that doesn't in any way diminish the fact that he's got roughly 70 million Americans who support him.

Now, name a media magnate that has 70 million Americans who already support them. There aren't any. And this is a person who has always admired Murdoch and Berlusconi and these great media magnates.

I don't know. I thought it was a total giveaway. It was completely obvious that this is what he was going to do.

The minute I started to see those meetings that he was holding, probably two years ago now, with Kanye and Kim Kardashian in the West Wing, everybody else was, like, what are those meetings about? And I'm, like, there is only one thing those meetings can be about, and that is creating some kind of a news platform. Because what a combination. Right?

Imagine. Trump and Kanye and Kardashian. Are you kidding? Who is going to watch it? Answer: a lot of people.

And that's also why I think there's a chance that he's going to pardon some interesting characters before he loses that power. And I've been suggesting that he might even go so far as to pardon Julian Assange and maybe even Edward Snowden.

Because, again, can you imagine if he then says to those two have your own program on my

media platform. Who is going to listen? Answer: everyone. I mean, absolutely everyone.

And remember he is mad at the Washington establishment. He is mad at the CIA, the FBI, the NSA. What would really outrage them is exactly this.

And that's his thing. He wants to be outrageous. He wants to dominate, just as Lyndon Johnson did. He wants to create the narrative and dominate the news and not be a victim of it.

And let's just add the practicalities in. He's got, what, \$400 million in debt, of which \$300 million is due pretty soon. He's got the New York State prosecutor Letitia James kind of bearing down on him. And she's pretty fearless and ferocious.

And what's a quick way to make a ton of money? Answer: You launch this kind of a streaming news network. You don't have to do it the old-fashioned way which was expensive with high overhead. This is just streaming.

Yes, I think suddenly he's going to have a whole new empire. He did property, he did casinos, he did the White House. Now he's going to do global media.

Erik: Pippa, I want to come back to the pardons and a few other aspects that you mentioned in just a minute.

But first I want to point out to our listeners, think back to what happened in the 2016 elections. So many people were shocked that a seasoned businessman who knows how to play the media to his advantage would be so confrontational with the media as President Trump was in the 2016 election race.

Well, of course, a very plausible answer is if he was not really trying to win the presidency but he was trying to get more people on his side and against the established media so that there would be a larger market for an alternative to those existing established media channels, it made perfect sense for him to do that. And the fact that it might cost him the presidency wouldn't really have been a concern. So it really does add up.

But I want to come back to what we're actually talking about here, because you could interpret this whole conversation a couple of ways.

One could be, well, what Pippa is saying is essentially Donald Trump never cared about serving the country. He went through this whole business about being the president of the United States just as a setup so he could make even more money running this big media conglomerate.

But there is another way to interpret the prognostications that you're making – which is say, wait a minute, Donald Trump has always wanted to serve the country. Something that he in his own special way believes very much in and he happens to understand that a more effective and higher-power way of accomplishing influence over American society is being in charge of a

news network, as opposed to just being the president of the United States.

And, particularly, going from one to the next is a stepping stone to a position of tremendous influence over the direction of the country. And perhaps he's doing all of this because he's just sincerely passionate about making America great again, in his definition of those words.

Pippa, which is it? Or is it a third option that I didn't think of?

Pippa: I think it's actually a third option, which is that those two are not so inconsistent. I mean, just because you hedge your bets and you're, like, well, the White House is good, but if that doesn't work then a media platform is good too, and you think that you can lead the country in the direction that you think is correct, from either one. They're just different platforms with different constraints and advantages. That's all.

I guess your first option, that it's a setup and he doesn't care about his impact, I don't think that's correct. I think he does and he has a vision of what he's trying to accomplish. And, again, 70 million Americans are with him on that vision.

So I just think he's refusing to be boxed in to only one label. The politician who can only do politics. Or the business person who can only do business. Or the media person who can only do media.

And, let's face it, we live in a world where people do lots of things in the course of one lifetime.

What's the constraint? Answer: There's none. Why wouldn't you. Right?

And, again, we've seen this before too. Ronald Reagan understood that running a radio show across the nation would be valuable and helpful to him in launching a political career. And so when he went to run for the presidency he was already known, he was already a comforting familiar voice that had been heard in American households for – I can't remember the exact number, but maybe 20 years at that time.

And so people made jokes about how he'd been an actor and he got to the White House. But they didn't clock, no, he'd been a trusted voice in people's homes and then he went to the White House and brought that trusted voice to a new platform.

And then when he left the White House, for a period of time before he started to get dementia, he used that same voice in another context.

So it's not inconsistent, any of this. And, let's face it, we live now in a completely different era with mobile phones in our pocket and social media dominating the way we understand news.

I personally think every politician is going to have to move towards this streaming social media space. Trying to convey your message across only CNN or only Fox isn't going to work because it

is going to get you only half the country. And what you want is more than half the country.

So where do you get that other bit? Answer: not on the mainstream news networks. You get it from going directly to the public via social media.

By the way, I would argue, too, that President-Elect Biden is also going to find that the public wants to have more information from him directly. They will want to hear tweets from him once in a while. Because now the public has had a president speaking to them directly. They're not going to kindly take to plain, vanilla-y, very refined White House press statements and think that that's enough.

People think that politics is supposed to be edgy and exciting and controversial and all of these things. And if you don't deliver that, my guess is that public support will start to deteriorate.

Erik: Pippa, let's talk about where we are in the process right now. Because, despite the fact that the media has called this weeks and weeks ago and said, okay, President-Elect Biden, that's it.

The truth is that the electors that actually decide who is president, which are selected through the Electoral College system, don't actually meet until this coming Monday, the 14th.

So it would logically seem to me if President Trump wants to push this thing of fighting it, fighting it, fighting it until there is a point where it's time to just say, okay, well, I still think I won and I want my 70 million people to be on my side but at this point for the betterment of the country because the electors have already met and it's time to concede and refocus the rest of my time in office on promoting my news network and the upcoming launch of it and how I'm going to serve the people doing that, do you think that the meeting of electors next week is significant in that that will potentially mean a turning point in how President Trump is portraying himself?

Or do you think that he really is sincerely locked in to fighting as long and hard as he possibly can to try and stay in the White House?

Pippa: Oh, I think he's genuine in his position and wants to duke it out to the bitter end. But I also think that that kind of a nasty punch-up at the end absolutely suits the launch of some streaming media network. I mean, what better way to launch it than *I'm outraged and this is wrong* and bring the whole public into that discussion?

My only question is about logistics. How quickly can he actually create the infrastructure? And I think he's already thought long and hard about that and he's already got the right people in place. And I'm suspecting it's not going to take very long and all of a sudden we're going to hear about podcasts and television programming. And it's probably going to be pretty shocking and pretty challenging and as a result everybody is going to watch it.

So I have jokingly said for some years now it will be reality television, but with a lot of nudity, political talk shows with probably a lot of salty language.

It will be kind of Fox news with the gloves off. I think that's a good way to put it. It will be Fox news with the gloves off.

Erik: To what extent do you think that it's actually television? Because it seems to me that, although certainly for older generations it's what they're used to, it's what they need to see, a lot of younger generations really don't want to spend time on television. They get their news from social media. They like podcasts better than sitting down and watching something on video.

Do you think that this media empire that President Trump is going to launch will be mostly focused on a cable news network which is television-oriented? Or do you think it might be more of an internet thing where it has a video version but there is also a podcast version that's live streaming and various other things?

Pippa: Definitely the latter. And why would you – in this day and age, why would you create a traditional news network? There is no reason. You don't need all those overheads.

This will be just an internet-based streaming phenomenon. As you say, young people these days they watch YouTube. And so this is going to be a YouTube-type phenomenon.

And I imagine, actually, people who watch mainstream media might even miss this whole thing. They'll just not see that it's happening.

But anybody who's plugged in on the internet is going to suddenly see the appearance of all the things that come under the empire that he's trying to build. I just think it's going to be a whole new chapter in politics.

Again, politicians will say, well, it wasn't on the 6 o'clock news, therefore it doesn't count. And they're not going to understand it definitely will count. And if mainstream media tries to ignore it he'll just make it more outrageous.

This is a different world where Instagram, YouTube, social media, this is where public opinion is shaped and formed.

It's not on traditional news networks. Especially since they've kind of abandoned their role as editors, both on the left and the right. And instead they've adopted sides, they've taken sides. So now you watch CNN because you're on one side or watch Fox because you're on the other.

And so when people are looking for real insight into things, they're going to the net, where you have controversy.

Erik: Pippa, let's translate that to where the voters actually are, because it seems to me that what little I know about the world of politics is (for right or for wrong) the younger generations don't vote nearly as much as the older generations.

So where, on one hand, if you were trying to sell a product, I would say you've absolutely got to be right because social media and online stuff, that's where it's at. That's where the younger generations are all focused. They don't care about cable news.

But the cable news people, the only ones that are still watching that are old people that are also the ones that, at least historically, did most of the voting.

So that would suggest maybe they are more important. Or maybe the younger people are going to be inspired to vote more than they used to because of the emergence of politics on these social media channels.

How do you interpret all of that?

Pippa: Well, let's not leave to the side the fact that if you create this kind of streaming network there are tons of opportunities to sell merchandise. That red *Make America Great* hat is going to be sold by somebody.

I don't know if you saw the interview between David Letterman and Kim Kardashian, and it was to me so fascinating because David Letterman is the older guy who is totally incredulous that this beautiful young woman who can't really explain substantively why she has so many followers. He keeps looking for the what's your IP? What's your shtick? What's your thing? Why are you famous, he almost asked her at one point.

And she very calmly says, well, I put up a pair of trousers or a t-shirt on Instagram and then several million people buy it. That is my shtick. That's what I do.

And he looks at her like but, but, but why? Right? And the answer is: Who knows?

But she has brand power. And she is quite extraordinary in her ability to just pick something up and look at it and say "I love this" and millions of people go buy it. Now, you put her on the Trump news network and she's going to be selling whatever it is she wants to.

And I think that Trump gets this. I mean, fundamentally, again, this is a commercial person. We haven't really had commercial presidents.

In fact, one of the interesting features of our presidents is that they leave the White House and then they try to figure out how to be commercial.

So the Clintons tried setting up a foundation. The foundation would get paid and then they would get a salary from it.

Tony Blair, when he left being Prime Minister of Britain, didn't do a foundation. He set up a consulting firm, and countries and leaders and companies would pay him as a consultant.

And that didn't work so well in both of those cases. for a variety of different reasons.

The Obamas, they left power and immediately start doing media deals with Netflix, book deals, which have been very successful for both of them.

So they all try to figure out how do I monetize having been president of the United States? This is the fundamental question.

And what we have now is a president who has been in business before. And so his understanding of how to monetize this is, I think, exactly what we're discussing. It's the social media world. It's live streaming. It's linking up with the unexpected person, like Kanye.

I asked myself, why is Kanye running for the presidency in 2020? And I think – he didn't get that many votes. I think last I saw it was something around 65,000 votes. He hardly scored in the rankings. So why did he bother? What was that about?

Well it makes a lot more sense if you think that he and President Trump are going to work together to create some kind of content.

And, again, it takes me back to those earlier meetings in the White House. I was, like, what is that about? What are those meetings really about?

And I have been keeping my eye also on some of the people that President Trump has said are potential managers of this kind of news network. And I remember reading years and years ago that he said David Pecker – who had been at AMI, which runs all kinds of publications like the *National Enquirer* and the *Sun* and the *Globe* and the *World News* – and so as CEO of American Media it was interesting to hear President Trump, before he became president, say if I ever ran a news network, this would be my guy.

And then, suddenly, David Pecker, what is he doing? It looks like he might be available at the moment.

So I'm just waiting, watching to see is that going to be an announcement. And if I see that those two are collaborating in some way, you kind of know what they're doing.

Erik: So, just to make sure I understand what you're envisioning, it sounds like you perceive a new Trump network that might be bigger than just a news network. It might be broader in scope.

And that allows him to put his friends like Kanye West and Kim Kardashian on their own little

platforms that appeal to their own demographic audiences where they can sell their merchandise and continue to be super-wealthy, thereby bringing more and more followership to President Trump's network, which he can use as a platform to continue to press his political influence agenda around his *Make America Great Again* campaign, or what that means to him and the way that he's prosecuted it in the past.

And that, essentially, this is not just something that's designed to make money but it's using President Trump's knowledge of business to get very influential people who are profit-motivated, the Kanye Wests and the Kim Kardashians, to come and say, look, the place to put your next pair of hot blue jeans is on the Trump network, which is going to make you a whole shitload of money and it's going to bring a whole bunch of more followers into this Trump network world, which is all online.

Is that the gist of it?

Pippa: Yes. Bottom line, this is about – it ticks every box. You can continue to have enormous influence. You can continue to control the narrative. You can continue to serve the 70 million Americans who already support you. You can haul traffic away from competing sources of news and information, the traditional news networks plus others.

I just think this is going to be a model that other presidents also try to pursue.

Again, maybe the best example are the Obamas. And they've done it by writing books. And that makes sense. Because their demographic, their supporters, are book readers, for sure.

And, look, Michelle Obama is filling – she's like a rock star, she fills stadia around the country that normally are only full for football teams or for major sports events. And they're coming to hear this one woman talk about her life story. This is an incredible use of media power that's a very efficient, smart use of it, but very different. Because her audience, they read books.

Does the Trump audience read books? Maybe not as much. Maybe streaming media that's more reality TV oriented is more their speed.

And, again, the president kind of treated the Oval Office as the ultimate venue for reality TV. You could characterize the last four years as reality TV meets the Oval Office.

Erik: Now, I want to come back to the pardons. Because, on one hand, President Trump would lose face to some extent – he's been very critical of both Julian Assange and particularly Edward Snowden in public statements that he made early in his presidency. So he would look like he's a little bit of a hypocrite for making those pardons.

But, boy, if you invoke the doctrine of *the enemy of my enemy is my friend*, there's no enemy that is a bigger enemy of the people that Donald Trump doesn't like in Washington than Edward Snowden and Julian Assange.

And when you first described the idea of the pardon, it took a second for it to sink in to me because just pardoning those individuals so that they go about their lives without being prosecuted but we never hear from them again, it really doesn't make much difference.

But if you're talking about pardoning both Julian Assange and Edward Snowden so that you can give them their own show on the Trump network, that goes way beyond pissing off your enemies.

That would be, I think, treated as an act of treason by a lot of people who don't like President Trump. And they would try to do anything they could possibly think of to fight that and prevent him from doing it.

Is that the scenario that you're envisioning as a possibility?

Pippa: Yes. I'm, like, well, what are you going to do? It's a presidential pardon. There's nothing you can do about that.

And I do think it's very interesting that back in September of this year we started to see the *Guardian* in London write articles that basically intimated that political figures from Donald Trump's team began to offer Julian Assange what they called a win-win deal. You avoid extradition to the US and, in exchange, you disclose who leaked the Democratic Party emails to WikiLeaks in order to clear up the allegations that somehow the Russians had been backing the Trump team.

And that fact that this is in the press in the UK, that there is some kind of deal, there is some kind of dialog between the Trump team and the Assange team, you know, there it is.

Now, maybe that isn't reported in the US for the reasons that you say. It's just so outside of the mainstream thinking about this issue, which is that of course the president would never pardon these kinds of characters.

But here we have it in major mainstream press in the UK that there was a dialog and headlines that read "Donald Trump Offers Julian Assange A Pardon If..." "Trump Associates Offer Assange Pardon In Exchange For..."

And then, to your point, where you say that this would really irritate a lot of people, yes. And that probably makes it an even more attractive proposition as far as President Trump is concerned.

He's been vocal in saying that he thinks the reason that he hasn't won is because the establishment, the intelligence community has been working against him.

Well then, what would be the logical thing to really irritate the intelligence community? The

answer is what I'm suggesting. I don't know. I'm just watching the news. I'm keeping my eye open for this possibility. And, again, when you're creating news media, the more controversy the better.

Erik: So let's imagine a future, Pippa, let's say it's 2022 and you've got Kim Kardashian and Kanye West selling their wares on the Trump network.

President Trump behind his gold-plated news desk is continuing to push his agenda, his political agenda, his social influence agenda, in the same ways that we've seen during his presidency.

Edward Snowden and Julian Assange have both been pardoned and they are the cohosts of a new television show, which *Face the Nation* (I think is on NBC) has lost all of its market share to confront the national government for its failures and its hypocrisy, which Julian Assange and Edward Snowden are jointly the anchors of.

And it is an attack on the injustices and bad goings-on that occur in the United States government.

I've got to imagine that Nancy Pelosi and Chuck Schumer are a little bit upset at this point.

What happens politically in the sense of does this increase the division that we have socially?

Does it further embolden the battle that you see between the left and right that's grown into this Antifa versus Proud Boys and the physical violence that's cropped up?

Does that get worse?

What are the other implications?

And how does it eventually all play out?

Pippa: Let's go back to the Edward Snowden pardon idea. Which actually, again, it bubbled up in the international press around the middle of August 2020. And there was a press conference where President Trump said that he didn't know much about the Edward Snowden case and he'd heard powerful arguments for and against a pardon. And then he said (and I quote) "I'm going to take a look at that very strongly, Edward Snowden." He says I'm going to take a look at this case.

And so, again, can we really be totally surprised if he ends up doing a pardon here? And would it make him more popular with some and less popular with others? Yes.

But what's the best thing that can happen to you if you're trying to create a media platform?
Answer: controversy.

I don't think he has any hesitation about doing something that just would so completely outrage Nancy Pelosi. I think that would be – his purpose would be to completely outrage her.

In Britain, they're very big on things like dog shows. And someone said Trump is like a cat who shows up at the national dog show. And everybody says you're not supposed to be here, you're a cat. And he says, what are you going to do about it?

This is the thing. They might say, well, this isn't fair. This isn't right. But what are they going to do about it? It's a presidential pardon. There's nothing you can do about it.

Erik: I see the argument that it's a presidential pardon and you can't take that pardon away from Chuck Schumer or Edward Snowden.

But, with respect to the Trump network, I would think that every plausible argument would be made from the left to say, look, this is an assault on democracy. What President Trump is doing is he's using the power that he has as a former president of the United States. He is undermining the institution of the presidency and undermining the efficacy of the newly elected president by trying to, in effect, continue – through his news network – to act as the president of the United States. Even though a new president has been elected. Therefore, the conduct of this news network is an act of treason that has to be stopped.

Now, I don't personally agree with any of that. But I could easily see Chuck Schumer delivering a much more compelling version of that speech that a lot of people would agree with.

Is there a chance that this all gets shut down?

Pippa: I hear you. But, again, all the more reason to have an internet-based streaming news network.

He's not looking for prime time on television, which would require permissions and adherence to regulations. This is like Howard Stern goes to satellite. He can say anything he darned well pleases. This is using technology to create a space where you can't be touched.

So, yes, they will say all that. But that doesn't mean they can stop it.

And I guess the other thing, too, is there are going to be a lot of people in the Trump world who wouldn't support, who would view both Assange and Snowden in the traitor category themselves. So I'm not saying this will be universally popular with everyone.

But I am saying, again, if what you're trying to do is generate a lot of viewers, you want a lot of controversy. And then this will do it.

And the president's whole philosophy from the beginning has been to tear down the establishment in Washington, to attack the traditional ways of doing things, to undermine faith

and confidence in what he argues is a corrupt structure.

And even if you disagree with that, the fact is he can still make this argument, which is what he does. So he'll just invoke the fact that he's bringing all of these characters together in order to further reveal just how (quote) corrupt it is.

And, again, as you opened, that's why I think he's making such a big deal out of the election. Because as long as he bangs on the *it's corrupt, it's unfair, it's deliberate* – all of that feeds into creating a narrative for his own content going forward.

And let's also think about this a different way.

As you mentioned, I have worked for President George W Bush. And I was very struck that when he left office – in fact, when we started, because I was there on the very first day of that presidency and he was very clear that when he left, whether that would be in four years or eight years, that his intention was to leave the political stage.

He said, when we're voted out, when I'm gone, I choose not to criticize my successors, I choose to remove myself from the political arena.

And, in fact, not only did he do that. He was remarkable silent about public policy during the Obama administration. He just didn't say a word. And he became friends with the Obamas. And you see these marvelous pictures of him and Michelle Obama, particularly, where you can see there is a genuine warmth and closeness. And that was in part because he just said I'm not president anymore, it's not my job, it just would be disruptive.

And I know that when President Trump came to power, President Bush was not exactly delighted about this. But he did not speak up until, in his view, things became so outrageous that there just wasn't any other choice. And even then he was remarkably measured.

So we're used to presidents who graciously leave the stage and go about their business. And including even President Obama, who has criticized President Trump, but he has focused the bulk of his energy and attention onto the narratives that are important to him rather than the tearing down of the president who happens to be in power at this moment.

So this will be a whole change. Because now we're talking about a president who's going to go on the attack, who's going to criticize President Biden, who's going to go after everybody in politics.

And I'm not someone who's been a Trump supporter. I did predict that he would win. But predictions and preferences are not the same thing.

I'm just here as an observer, someone who has grown up in the world of politics. So I've spent a lot of time around a lot of leaders around the world.

And what I'm just observing is this is a new phenomenon. This is not the typical president who graciously exits stage left. This is someone with an axe to grind. And he is going to grind it in front of the largest possible audience for the most amount of money. And I sort of wonder, how is anybody surprised by this, really?

Erik: And, listeners, if all of this sounds like crazed conspiracy theory nutcase kind of stuff, well that's what I thought the first time Pippa said it four years ago. And then the predictions started coming true. So it's going to be really interesting to see how this plays out.

Pippa, before we let you go, I want to go back to a couple of macro topics, since this is, after all, MacroVoices, not a political show.

Inflation. I've been talking to a lot of guests lately who really think that a secular return to inflation or stagflation might be just around the corner. And, of course, the announcement that Biden is likely to appoint Janet Yellen as Treasury Secretary certainly increases that expectation.

Where do you see the whole inflation thing headed? Is it stagflation, is it inflation? What comes next?

Pippa: By the way did you really think I sounded like a crazy conspiracy theorist?

Erik: No. I didn't, actually. But I was very concerned that you were going to be perceived by the audience that way. I thought you were probably right, but I did think the audience was going to take it that way. And the audience did take it that way. And we got lots of crazed emails about that saying where did you get this lady? She's a nutcase. And it turned out that you were exactly right.

Pippa: Well, it was so interesting when Trump started to say as he was losing that he wanted to create a news network and that CNN and Fox needed rivals. And I had so many people write to me on Twitter and social media saying *you were right, you were right*.

Again, it's interesting to me that people haven't registered how very important it is to have a brand name in the media space if you are interested in politics and influence.

Speaking of that, I think it's going to be fascinating now to see what happens if Janet Yellen is indeed appointed by President-Elect Biden, because Trump's whole position on the Fed was that they weren't being loose enough.

And now we're going to see President-Elect Biden appoint Janet Yellen and I don't think you can get any looser than that with monetary policy.

It's a clear signal that we are – her view is at the heart of – it is that you shouldn't tighten policy until every single American has a job. You know, you're just going to wait a long, long time

before you start taking any of that monetary stimulus back.

So how is he going to criticize this? Because that's exactly what he wanted the Fed to do. So this is going to be super-interesting to see the two-step on that one.

But I think from a market perspective that we have definitely begun – we've sown the seeds now for inflation to rematerialize.

And I've been really following who else seems to think this, including Warren Buffett, Stanley Druckenmiller, some of the greatest minds of our generation are all going, um, excuse me, but we have now thrown more capital into the world economy than we did even when the Financial Crisis happened.

And now we've had an unbelievable supply-side shock and demand shock. And, of those two, which gets fixed more quickly? I personally think the demand happens faster than the restoration of supply. And I think you can see that.

We've noticed even in the last few days in cities where lockdown has been lifted, like London for example, it's the first time in my lifetime as an economist that I have seen genuine pent-up demand.

It's one thing when you read about it in a text book. But it's another thing –

This isn't demand that doesn't have money behind it. No. This is demand that has been fueled by government paying 80% of wages during this lockdown/slowdown period.

So people have the money. And they want to go spend it. And they basically – out and about doing it, even if there are health risks to them. So we've got an unleashing of pent-up demand.

But the supply side is kind of broken. The relationship with China is broken. Manufacturers, a lot of them have gone bust or are going out of business. Almost every restaurant has either failed or barely survived.

So I think we're going to see, as people want to go out to dinner, how many restaurants are actually open? Answer: not enough. And so it's a supply-side constraint.

Now, what happens when you have pent-up demand and a supply-side constraint? Prices go up.

And I think everyone is noticing that the price of eating out in a restaurant is rising. And the price of lots of things are going to be rising. Hotels charging more because you have fewer guests coming to stay. And so we need to cover the costs by raising the price for those who do.

So I just think – again, I'm not arguing for some hyperinflation or Weimar Republic situation, I'm

not. But in the past, I argued at the end of the Financial Crisis that we went from about 1% inflation to about 2.5%.

And that doesn't sound like much. But that's a material change from an investment perspective. That is a radical difference for a pension fund in terms of what they're buying and how they're investing. And it's a radical change for a poor family to go from 0.5% or 1% inflation to 2.5% or 3%.

Well, that's already happened and we're already seeing people lining up at food banks because they don't have the resources.

Well, what happens now?

My answer is I don't think we can be totally shocked if we start seeing the inflation rate in industrialized countries start bumping up to something closer to 5%. I wouldn't be totally surprised to see it even a little over that.

Now, that is an unbelievable change from the last 30 years where there has been nothing but downward pressure on inflation. And to have it maybe start to reverse to a level that, again, is material and meaningful and matters to investors, I think one of the side effects is that it's going to mean that equity prices go up much more dramatically than people are anticipating.

Because they're going to say, well, I don't want bonds if inflation is rising. And I don't want to stay in cash if I've got even a little hint of that. And where is there the best opportunity to get performance with capital, actually, companies that now face even less competition than before because so many of the competitors have gone bust?

So I could easily see that we're setting the stage for record new highs, sustained record new highs in the equity markets.

And that's how inflation works. At the beginning, most people like it because it makes asset prices rise. The stock market goes up. The value of your house starts to rise. And everybody goes, hey, this is good.

It's later when the pain of inflation starts to kick in.

And that's another question: How long does it take for that cycle to happen? And is it shorter than it was in the past? And I guess my answer is everything else is shorter. Everything else is happening more quickly. So why would this be any different?

So it may be that we get a recovery faster and sooner than most people are anticipating. Inflation starts to bite a little faster and sooner. And the cycle moves faster and more decisively than ever before.

So I just think these things are worth thinking about as an alternative framework to the typical *we're entering the Great Depression Mark II so don't worry about any of these things*.

One thing I think from writing about leadership – and that's been a hot topic for me in the last few years – the moment that you feel certain about anything, this is when you're in trouble. What's really important is to keep thinking about a variety of scenarios and testing your preparedness for them.

Because in the end, in the last few years, all of the things that we thought were impossible actually happened. And I think we should assume that we might get some more of that.

Erik: Pippa, I just interviewed Jeffrey Currie, who heads up Commodities Research for Goldman Sachs, and a lot of what you're saying here resonates very much with what he told me.

Listeners, that interview airs on December 12 on my new *Smarter Markets* podcast.

Pippa, final question I have for you: Back in 2018 I wrote a book saying, look, everybody calm down about all this bitcoin nonsense. Focus on the emergence of sovereign digital currencies when they have governments behind them, that's when you've got to really look out for the impact that they're going to have on the economy. It feels like it's starting to happen.

What do you see on the horizon?

Pippa: It is absolutely starting to happen. The Chinese have started to distribute their new sovereign digital currency, which is smart. That's how you get people to use it is just give it away.

I noticed that the outgoing chief executive of Citigroup has said that sovereign digital currency is inevitable.

And, again, let me put this in context, because this isn't just about crypto. This is about a technology change.

I've argued for a long time that when your debt problem gets so big that you can't pay it off, one way you deal with it is you abandon the system of money and accounting that you've been using and you just introduce a new one. And everybody goes *that can't happen. That's crazy*.

But it is exactly what happens every darned time.

And I've written – I've put on LinkedIn an article about tally sticks, these wooden boards that were used for a thousand years in Western Europe, up until 1834. And that was the system of money and accounting.

And then they introduced this new-fangled thing called paper money. And it was a difficult transition because a lot of people were, like, I don't want to use this paper money, I prefer the tally stick that I know and trust and I've had it around for a thousand years.

But it got introduced and it revolutionized finance and it set the stage for the onset of the Industrial Revolution. I mean, you introduce a new system of money and accounting in 1834 and you literally pull a rip cord that leads to massive growth, innovation, uptick in standards of living overall for Western Europe.

So, today, what is the equivalent of the shift from tally sticks to cash? It's from cash to digital. And particularly to sovereign digital.

And I feel so strongly about this that I've actually becoming involved in a company (which I won't talk to you about today but I will when we do maybe our next session) that is all about this new technology underpinning how transactions happen.

And it will be tied in to what we currently call blockchain. But what it really means is that it will be tied to the digital grid. And so it's the end of traditional tax policy and tax returns and the creation of a world where taxes are taken at the point of transaction. It's a completely new construct.

And I believe that, as this is introduced, all of our notions of monetary policy are going to be out the window because they just won't apply anymore. And I do think this will set the stage for a repeat of the Industrial Revolution.

I find it so interesting that almost every investor I talk to is reluctant and hesitating and nervous and fearful. And what I think is quite possible is that, actually, it should be *buckle your seatbelts* because we are about to have a period of history that is going to be like the Industrial Revolution. Truly historic. And truly knock your socks off.

And our biggest danger is that we're not ready. We're just not ready.

Erik: We're going to have the Trump news network. That's going to be fine. Just relax.

Pippa, I think you've really hit the nail on the head. Because one of the biggest predictions of my book, *Beyond Blockchain*, published a couple of years ago now, was that monetary policy will be the big benefactor of digital currency technology. And, frankly, they still don't get it.

The central bank guys that are evaluating CBDCs don't understand that the real value is you can design new monetary policy tools which will make everything that is known about monetary policy today look like horse and buggy by comparison.

They're going to figure that out eventually. And it's going to completely change the face of money as we know it. Unfortunately, my book, *Beyond Blockchain*, never made the bestseller

list because I didn't drink the bitcoin Kool-Aid and tell the audience what they wanted to hear.

You're a better writer than I am. Your book *Infinite Leader* is I've forgotten how many bestselling books you've had now. Tell us a little bit about *Infinite Leadership* and where it fits into the other writing that you've done.

Pippa: Well that's very kind of you. I've written a few books now, and, amazingly, they've been bestsellers and they've won awards and it's exciting. I find book writing really a wonderful way to interact with other people who are thinking about the world economy.

So this one, like my last one, have been very much about why are our leaders failing us. Why do we keep having these terrible leadership catastrophes? Why is it that the vast majority of CEOs in the last few years have been pushed out because of ethical lapses? What is the root cause?

So in this book I very much explain it's about – it's not just about organizations and institutions, it's about personalities and people. Leadership is a very personal thing. And the kind of leader you get begins with what kind of conversation does the leader have with him or herself.

And this is something people don't usually talk about because they have this view that the leader is infallible.

But my view is, actually, one of the things COVID has done is shown us that the real leaders in our society don't have the title of President or Prime Minister or Senator or CEO. They are quite often just regular people who, faced with exceptional situations, just decide to make things change.

We're seeing this in so many different ways. And I think it's super-encouraging that people are saying, well, I decided to do the following things and then suddenly everybody is following them.

Leadership is becoming dispersed and democratized in the same way that computing power is, in the same way that capital is becoming dispersed and available to a much larger, wider group of people than ever before.

So I think it's super-exciting that our leaders are not just that one person at the top anymore. Leaders – and all of us exercise leadership every single day in our personal lives and make decisions that have an impact on others. That's leadership too.

Erik: Well, Pippa, I can't thank you enough for a terrific interview. Patrick Ceresna and I will be back as [MacroVoices](#) continues right after this message from our sponsor.