

**Interview with Sir Howard Davies,
Director of the London School of Economics**

September 13, 2007
Houston, Texas

Introduction: Sir Howard Davies has served as the Director of the London School of Economics since September 2003. Before assuming this role, he held a variety of positions in the private and public sectors, including Deputy Governor of the Bank of England and Director General of the Confederation of British Industry. While working for McKinsey & Company, he was seconded to the Treasury as Special Adviser to the Chancellor of the Exchequer.

Janet H. Moore: Good morning Sir Howard.

Sir Howard Davies: Good morning.

Janet H. Moore: What are some factors and characteristics that make a person successful when working in international business?

Sir Howard Davies: One thing that we say to our students at the LSE—and we have a very international student body—is that you can't start too young in beginning to understand the global environment. So, I think it is enormously helpful if people from an early age get used to the cultural differences between different nationalities, and a university is a great place to do that. I am sure that is why a lot of American universities in particular are seeking a more diverse student body. The best guarantee of being able to work along side people later in your life is getting used to cultural differences and initial obstacles to communication—even those that arise in the English language between different nationalities. So, I think the sooner you start to understand how to operate in a global environment the better.

Janet H. Moore: Are there any particular courses or resources at the London School of Economics that you find particularly helpful for students coming perhaps from foreign cultures?

Sir Howard Davies: Specifically in the law department, we have a large LLM program which usually has 200 or so students in it each year, typically from 70 or 80 countries. Obviously, the largest individual groups are from the United States and from mainland China. We find that the debate format allows people to experiment with adopting positions which they might not otherwise have taken. One good way of empathizing with others, of course, is going through the intellectual exercise of adopting their position and trying to argue it through. Even if you end up not agreeing with it, the process of trying to internalize a different point of view from your own is, I think, a helpful one. It is also

one which lawyers find particularly useful later on in life as they are trying to understand what the other side is arguing and what the other side is seeking to achieve.

Janet H. Moore: Before you became Director of the London School of Economics, you had a very illustrious career including working for the Bank of England and various other institutions. What would you recommend to individuals who want an international career in the government sector, the private sector, or the academic sector?

Sir Howard Davies: In the United Kingdom, our official bodies are very keen to have a multinational workplace. The Bank of England's Monetary Policy Sector, for example, has employees from something like 40 different nationalities, which is very different from the United States. Similarly, when I worked as our financial regulator, two of my directors were Americans, one was Dutch and one was Australian. We are very keen even in the official sector to have a multinational workforce. We think that if you are dealing with a multinational business and financial center like London, then it makes sense for the regulators also to be from other countries.

So, the one thing that I advise people is to look for such opportunities in other institutions, certainly in the UK; if you are good, and if you have something interesting to offer, you will find that easy to achieve. I also think that other countries should do more of that. I am finding it very disappointing that in the US it is inconceivable to be at a senior level in the SEC and not to be an American. I don't understand why. Similarly that is the case in Germany and in France. I think that countries should be experimenting more with multinational workforces, even in their governmental organizations.

Janet H. Moore: In his popular book titled *The World Is Flat*, Thomas Friedman talks about globalization. What do you think of this book, and are there any other books that you have enjoyed reading recently that might help those wanting to enhance their international careers?

Sir Howard Davies: I am afraid I think that the phrase "the world is flat" by Friedman is not especially helpful because it can quite easily be interpreted by other people as meaning you have got to do it our way, and you simply can not think differently from the rest of us. I personally don't find that a very helpful approach.

Fiction is often a good way of explaining other people's points of view because novelists have to be empathizers with their characters. One very illuminating novel that I have read recently is called *The Reluctant Fundamentalist* by a Pakistani called Mohsin Hamid who worked in New York; he was educated at Princeton and went to work for McKinsey & Company. McKinsey appears rather thinly disguised in this book as another firm, but it is a very interesting story about someone who initially bought into the Anglo-American business dream, if you like, and then started to have doubts about it and went back to Pakistan rather disillusioned. I think the novels like that can actually tell you as much about the way in which different people perceive the same phenomena as the books that tend to get more shelf space.

Janet H. Moore: As globalization increases, business people need to have the ability to relate to clients, colleagues and coworkers from other cultures. From your experience in international business, what do you recommend for increasing global rapport skills?

Sir Howard Davies: I don't think there is a quick shortcut to cross cultural rapport, if you like, because as we know in normal social life, building confidence in each other does take a certain amount of time. Now, if there are understood cultural norms, you can short-cut that process to some extent. Nonetheless, the phrase "my new best friend" that people use to refer to someone they met that morning, is ironic because it isn't really like that. So, I do think that you have to invest time.

People are enormously flattered if you have actually visited their country. Many people think that isn't really necessary these days, but I think it is. You have to think of your carbon footprint these days, but I don't think there is a good shortcut for visiting these places and seeing the environment from which people come because that inevitably conditions them. Of course, in multinational training programs or training institutions you can quicken that process up a bit, but I don't think there is a shortcut which avoids you actually seeing where people are from.

Janet H. Moore: To conclude, would you please talk about the London School of Economics and your vision for the school?

Sir Howard Davies: We see our school as being quite distinctive in our education marketplace. We are a social sciences only institution, but with a very broad range of anthropology through to accounting. We see ourselves as highly international—almost 70% of our students are from outside the UK, with the largest individual groups being from the US and mainland China. We see ourselves as an institution which takes advantage of being inside the very exciting global city that London has become in the last couple of decades. So, if you want a very vivid experience which will be hard work and hectic— because you will be right in the middle of town— then the LSE is for you. If you want to sit in dreamy spires and lie on the grass reading Marcel Proust, then probably we are not quite what you are looking for. I think our positioning in the international market is quite distinct.

Janet H. Moore: Thank you so much Sir Howard. It has been a pleasure to interview you.

Sir Howard Davies: Thank you.