

## Why Bankers Should Read Poetry

I was told to speak for about ten minutes and to offer advice. This naturally made me think of Polonius in *Hamlet*, who in addition to making a famously pompous speech gets stabbed while hiding behind a curtain. I am very grateful to Monash for this extravagant honour, however, so here goes.

Read poetry.

That's right. My advice is to read poems. They'll be good for you – especially if you plan to be a banker.

One could make similar claims for looking at paintings, playing the piano or freehand drawing. But I never mastered a musical instrument. Drawing requires equipment – special paper, a smooth surface, coloured pencils maybe – and talents few of us possess. Anyway, I like poems. They're small and portable and somebody else makes them. As I hope to demonstrate, poems are best.

Benefit number one: reading poetry requires a person to pause and attend. Most poems have to be read slowly. Many have to be read through more than once. This is a useful discipline. Slowing down allows you to savour sounds, admire word choices, contemplate ambiguities.

Those of you who have practiced yoga may find the experience somewhat familiar. But if you've never stepped into another world before – well, imagine parking your car in an unfamiliar side street, locking the door and then standing still for a moment. A row of cottages with tiny gardens, distant traffic sounds, broken glass in the gutter, someone's cat. Hearing a mother five door away calling after her small son, who has left for school without his lunch, watching him turn back, seeing two rosellas hurtle over them as she waits at her gate, holding a paper bag with presumably a sandwich in it.

And then, quite magically, someone in a nearby house begins practicing the cello.

People live in this street you have never visited before. What sort of people are they? Does the little boy who forgot his lunch forget it every day? Does he forget it because he finds it reassuring when his mother remembers? Is the

cellist also a mother, who has sent her children to school and now has an hour of freedom? If you lived here, would either woman be your friend?

After however many years of school and uni, and through whatever challenges lie ahead, poems can be a quiet place to catch your breath, and cultivate your capacity to notice the fine detail of life.

Second benefit: decent poets have a distinctive “voice,” a way of speaking, and an attitude about the universe. Reading poems improves your ear for authenticity and hidden agendas. This is a life skill. Your ability to reserve your trust for those who merit it will benefit from reading even bad poems, and asking yourself what it is that rings wrong.

Third, poems have patterns. So does life. Most new poems don’t rhyme any more, or adhere to any metrical convention, but poets *are* performers. They will decorate even the bleakest lines with a repeated word, twist the meaning of a phrase from stanza to stanza, finish with an observation that makes the whole work resonant. Learn to appreciate this craftsmanship. Become adept at hearing faint harmonies. Those of you embarking on a life of financial analysis will learn soon enough that sensing the *rhythms* of markets is half the battle.

The next benefit is important, and a bit more complicated. Poets use metaphors. They describe things by calling them something else.

Consider, for example, the statement, “Your career is a sailboat.” This is not literally true. Your career is a sequence of jobs, whose increasing importance is a function of your increasing skill, and – dare we mention it – luck. Most people lose their jobs at least once in their career. People who sail inevitably get wet. To embark on an investment banking career is to accept that there will be awkward passages. I could go on, but you get the point.

Regular contact with poems, and the metaphors they employ, is a way of taking your imagination to the gym twice a week. It helps you recognize how much of existence is several things at once. It demonstrates that reality has layers.

I was reading an article about *The Iliad* recently. The author explained that Homer’s Greek manages to achieve both speed and dignity, a paradoxical combination which is characteristic of war. If you want a contemporary

example, consider how many movies elect to show us catastrophe in slow motion. Again, reality has layers.

Let me digress and talk about a world I know – banking. I apologize for getting technical, but I assume that many of you expect to have something to do with banks, one way or another, so my talking about them could be useful.

Banks make loans that are hard to value. Since banks have very leveraged balance sheets, small percentage changes in the value of their assets – or the value others put on those assets – have a massive impact on their net worth. And banks fund their balance sheets with deposits that mature more quickly than those opaque loans, which, being hard to value, are also hard to sell except at a discount if a bank needs cash. So if depositors lose confidence in a bank, and want their money back, their anxiety becomes a self-fulfilling prophesy.

Enter government. In the middle of the Nineteenth Century, the Bank of England accepted the mission of acting as lender of last resort. In doing so they recognized that by borrowing short and lending long banks permit households and businesses to do the reverse, which is prudent.

In the middle of the Great Depression, the U.S. Congress introduced deposit insurance, which kept thousands of small banks alive. In doing so, they recognized that small banks finance small businesses, which create jobs.

The pattern repeated itself during the Global Financial Crisis, when various governments provided guaranties of bank bonds, or bought shares in major banks to keep them solvent.

The traditional critique of this approach has two elements. The first is that if banks believe they will get bailed out they will take more and more risk. The answer so far has been that central banks and finance ministries do everything possible to convince people they won't step in to stop a panic – except actually failing to do so when panic arrives.

This is why you currently hear so much about “ending Too Big to Fail” – or part of the why. The other part is that people simply don't like banks, but that's a different speech.

The second objection is that if governments are going to absorb the downside, shouldn't they just own the whole bank? The answer to this is that government-owned banks perform quite poorly. They can rarely resist trading credit for votes, a tendency they try to temper or at least conceal with increasing amounts of bureaucracy, over time becoming both riskier and inefficient.

So the business model of commercial banking is essentially a difficult marriage in which governments stand ready to provide support but pretend they won't, and grant banks a degree of independence they perhaps don't deserve so as to avoid doing an even worse job themselves. Banks are – simultaneously – both free-market enthusiasts and instruments of government policy. Both parties grumble about the arrangement, even though they know it suits them.

Now, I won't claim that all this became clear to me from reading poetry. It became clear to me over a forty-year career working in and advising banks and governments. But disentangling metaphor-strewn verse certainly made me less dogmatic, less literal-minded. Poetry *prepared* my mind for the notion of something being two things at once – even two contradictory things. Poetry encouraged me to accept that alternative versions of the truth can be equally valid – an understanding essential to global citizenship, by the way.

Paradox is imbedded in the crystal structure of reality, even a corner of reality as prosaic as banking. Poems will help you get used to that.

Another paradox regarding my profession is that outsiders often make the best bankers. Think of the Italian goldsmith-bankers in medieval London who gave Lombard Street its name. Think of the Jews more generally in Europe, the Chinese throughout Southeast Asia, the Parses in India and Pakistan, the Quaker family-owned banks that coalesced to form Barclays.

For that matter, if you've ever worked in a bank, think of the grumpy senior credit officer who gets along with no one but helps the institution avoid the quicksand of optimism.

You might think that being a foreigner – or simply a cranky person – would make it harder to understand the markets and customers you needed to deal with. Perhaps. But being outsiders made these bankers watchful.

You might think that customers would want to deal with bankers of their own kind. Perhaps. But doing business with one's cousins and club-mates can become awkward. They ask for favours. They may gossip about *you*. Smart businessmen prefer to trust their deposits, and their secrets, to bankers for whom keeping one's own counsel and maintaining distance are instinctive.

Poets are professional outsiders – experts at maintaining the right distance from their subject, experts at seeing reality in unexpected ways, and speaking truth. People sometimes find poets strange, and they often are. But the double-vision of metaphor can make them wise. They'd make good senior credit officers if they didn't have something better to do.

Final observation: poems aim for perfection. Art is like that. Commerce isn't. For a poet, the best is *not* the enemy of the good. Perfection is what poets dream of, starve for, strive for and *sometimes* attain. When a poem "works," it makes time stop. It shows you the sacred crouching within the mundane.

Now, I know that for some here today, *economics* is poetry. The elegance of indifference curves transports you. Market forces balance each other with Newtonian finesse.

Enjoy. May your physics come in time to include political forces as well. May you, indeed, come to see economics and politics as wave and particle of human affairs: two things at once, neither one the whole story. And may awe never desert you – even after you get tenure.

Life is not like school. The exam never seems to be based on the assigned readings. Holidays get deferred. Emotional poise is more helpful than intellectual depth.

Life is also splashed with glory, if you can learn to see it. An occasional glimpse restores morale. So as you embark in your sailboat, in addition to life jackets and a water-proof lunch, I recommend you stuff a bit of eternity into your back pack. Take along some poems.

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