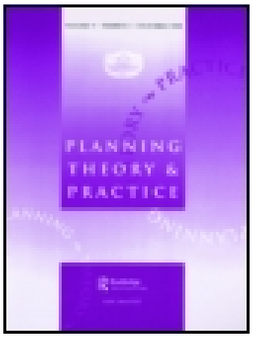

Planning Theory & Practice

ISSN: 1464-9357 (Print) 1470-000X (Online) Journal homepage: http://www.tandfonline.com/loi/rptp20

Can We Learn From Our Mistakes?

Edited by Heather Campbell, John Forester & Bishwapriya Sanyal

To cite this article: Edited by Heather Campbell, John Forester & Bishwapriya Sanyal (2018): Can We Learn From Our Mistakes?, Planning Theory & Practice, DOI: 10.1080/14649357.2018.1486985

To link to this article: https://doi.org/10.1080/14649357.2018.1486985

Published online: 02 Jul 2018.

Learning from Mistakes

Iwan J. Azis

Dyson School of Applied Economics and Management, Cornell University, Ithaca, NY, USA; Faculty of Economics and Business, University of Indonesia, Jakarta, Indonesia

Episode 1: What would you do when a Head of State wanted to consult with you about several of the currently most pressing economic challenges?

I believe the best way is to focus on one and only one issue. Of course, we have to study the country's situation first before selecting the central issue and we have to be ready and able to explain the relationships between that focus and other issues. That was exactly what I did: I focused only on the country's growing inequality, and I explained its relationship to other development issues. After all, who does not know the nexus between economic growth, equality, and democracy? Or so I thought.

But the outcome turned out quite differently from what I expected. Firmly believing in his own opinion, the Head of State pre-empted me by making a fifteen-minute presentation about something else: How to raise exports and stimulate manufacturing activities?

I immediately felt confused. Did he simply want my support for his idea, or did he really expect my honest opinion about the current and pressing economic challenges? Was this conversation just for show?

To avoid feeling 'trapped,' I tried to stick to my plan: I focused only on income inequality! To make a long story short, the Head of State did not seem too happy with that. Even after I highlighted the risks of ignoring inequality – by stressing that growing income inequality could weaken not only the economy, including his manufacturing exports, but also the country's democracy, he did not think that growing inequality was the pressing issue.

Two years later, his plan encountered problems, and the country's inequality had grown worse. Everything else was now overshadowed by it. Friends and colleagues accused me of not being strategic in my advising; I had not been diplomatic enough in conveying my message. They suggested that had I been more 'friendly' to his idea or plan, the country's conditions would not have become so bad.

In retrospect, I believe, my mistake was probably that I did not take his point about stimulating manufacturing export more seriously. I might have done so – and then used that engagement as an entry point to explain more fully the repercussions on income inequality. Only in that way, probably, could I have shifted our discussion towards the dangers I foresaw.

Episode 2. What would you do when an international organization that you have worked for has asked your opinion about delivering a report with a policy message that seems based on an overly optimistic economic forecast?

My advice: postpone the delivery, review the background studies that led to such a forecast, assess their assumptions more carefully, and discuss the matter by comparing the results with the past and other forecasts. The organization could then consider altering its forecast and changing the tone of the report.

The fact of the matter was that, given great uncertainties in the world economy, I clearly disagreed with the organization's forecast. Such an over-optimistic forecast could create an ill-advised complacency, and if the corresponding policy messages were to be followed through, that could be harmful to member countries.

But I thought that I should not express my disagreements too strongly, since I had not been responsible for generating the forecast. Moreover, it was almost the tradition of this international organization to be upbeat to please the member countries who after all 'owned' the organization. At any rate, my cautionary advice was refused. Not surprisingly, misplaced policies emerged, causing instability and vulnerability.

Colleagues blamed me for not being more forceful with my criticism and disagreement. Had that been the case, they argued, a more realistic prognosis might have been produced and communicated such that member countries would have been more prepared and less vulnerable to crisis.

In hindsight, I believe I should have understood better the position of the organization being 'owned' by member countries. Perhaps I might have let it keep the optimistic forecast while I worked to emphasize the risks and dangers of taking policy measures based on such optimistic forecasts. That might have led to a more balanced report – with greater emphasis on the downside risks of the forecast. In turn, that might have, perhaps, deterred member countries from taking policy measures based on an overly rosy economic picture.