Nancy to reach out to young lawyers

In a private discussion with this writer sometime before the general election as to why Chinese Malaysians seemed to have turned against the government, he had said perceptions of rampant corruption in government were just that, perceptions. He added he would not have stayed as minister and be parry to such corruption if it were actually true.

True enough, the prime minister has let vent publicly this week that the greatest challenge facing the government has to do with public perceptions.

The new minister will have to deal with such negative perceptions and see as an early priority her reaching out to young lawyers, hearing them out of growing their inputs on relevant matters concerning her department.

Nancy readily admits to how the Barisan Nasional (BN) was wounded in the general election by lies perpetuated by opposition elements such as that to do with tens of thousands of foreigners flown in to vote. By the time the truth came out, anti-BN perceptions had been reinforced and damage was already done.

The minister says initial discussions have already taken place to see how laws may be updated to see that freedom of expression will be tempered with the responsibility to publish verified truths at all times, particularly in the online and social media.

A 51-year-old mother of three grown children, Nancy says she is lucky to have a supportive family that will free her to devote her full energy to both her ministerial and political duties.

It will be a fine balance she will need to strike and ideally, she hopes to spend weekends in her office and weekends in Sarawak attending to her constituents and an aging mother.

Even so, the new minister says she knows that she is a minister from Sarawak for the whole of Malaysia and she will need to make time also to be in other parts of the country, already visiting Kuantan barely a month into her new job.

Nancy agrees the contingent of seven Sarawak federal ministers carries a heavy burden of responsibility to live up to their capability. However, she says like the other ministers, her main work focus will remain to bring development to rural Sarawak.

When a study goes ‘rogue’

**IN ERROR?** Reinhart & Rogoff’s paper was cited more than 500 times by other academic fellows

More than what we want or need, we are surrounded by numbers. Numbers, especially statistics and economic modelling, sell very well.

The latter is often not transparent or too complicated to be understood by the layman. Many of the end users of economic models seldom know more than you.

What they want to know is the results, the model’s definitive figures derived by the economists, who can solely be a pure mathematician or statistician.

“They” are politicians and decision-makers, who rely on these economic models to guide them in making economic policies.

Here is a good example. Facing a European Union in disarray, Olli Rehn, the European commissioner for economic and monetary affairs and the euro, used a “serious academic research model” to advise and encourage the eurozone countries to embark on austerity programmes.

In a eurozone finance ministers dated Feb 15, he wrote: “That is why consistent and carefully calibrated fiscal consolidation remains necessary in Europe”.

We all know where Europe stands today vis-a-vis the advised austerity package.

What was this “widely acknowledged study”? The paper referred to was written by two well-acclaimed Harvard economists, Carmen Reinhart and Kenneth Rogoff (R&R) and first published under NBER in January 2010 before the American Economic Review in May.

Entitled “Growth in a time of debt”, the conclusion drawn relates to public debt-d Gross domestic product ratio to growth. No economist will deny such macro-economic relationship.

However, R&R came out with a magic number of 90 per cent: when a government debt hits 90 per cent, the economic growth ends negative (0.1 per cent according to the original model).

Cited more than 500 times by other academic fellows, the conclusion, highly mediated and supported by the International Monetary Fund (IMF) and Bank of International Settlements, guided policy-makers.

The troubles started when Harvard accepted a 28-year-old doctoral student from Amherst, University of Massachusetts, joined the database for recalculation.

The results appeared different and were presented with his two professors, Michael Ash and Robert Pollin, in a paper “Does high public debt consistently stifle economic growth?” on April 15.

Three key weaknesses were revealed.

**FIRST**, an Excel sheet coding error: expelled five countries with high-debt level such as Belgium, Australia and Austria.

**SECOND**, the choice of data excluded specific periods, notably post-war, when countries enjoyed high debt and high growth. R&R mainly used median data for averaging. Additionally, such statistics are meaningless without giving the statistical error.

**THIRD**, with the choice of data weighting, similar weight could be given to one-year low growth and 10-year high growth.

The recalculation gave a different conclusion: the correlation between debt and growth is not really significant but the highly indebted countries still will enjoy a 2.2 per cent of growth.

The two economists responded by admitting their arithmetic mistakes (growth can now still happen – around one per cent) but stood firm about their original conclusion. They also emphasised that they did not mention any causal link but just a correlation.

Paul Krugman, the Economics Nobel prize winner, strongly criticised R&R’s reply in his New York Times column (on April 16) by qualifying it as “very, very bad”.

Interestingly, Krugman wrote a column on Aug 11, 2010, just after the original publication entitled “Reinhart and Rogoff are confusing me” where he highlighted on the causation backwards (slow growth causes high debt, not the reverse).

Effective leaders who ‘educate their hunches’

bullying, buying, and bargaining to form winning coalitions.

Above all, effective leadership requires conceptual intelligence and an intuitive diagnostic ability that helps a leader understand change, set objectives, and align strategies and tactics accordingly.

As Lee Kuan Yew, the founding father of modern Singapore, once told me, a leader must be a quick learner, test reality, be prepared to change his mind as conditions change, and act calmly in a crisis.

Contextual intelligence implies both a capability to discern trends in the face of complexity and adaptability while trying to shape events. Bismarck once referred to this skill as the ability to intuit God’s movements in history, and seize the hem of His garment as He sweeps past.

More prosaically, leaders with contextual intelligence, like surfers, have the ability to judge and adjust to new waves and ride them successively.

Leaders of this type not only adapt their style to the situation and to their followers’ needs; they also create flows of information that “educate their hunches”.

This involves the ability to size up group politics and understand the positions and strengths of various stakeholders in order to decide when and how to use transactional and inspirational skills. It is the self-made part of luck.

This skill is crucial in unstructured situations, when it is often more difficult to ask the right questions than it is to get the right answers.

Leaders with contextual intelligence are good at providing meaning or a road map by defining the problem that a group confronts.

They understand the tension between the different values involved in an issue, and how to balance the desirable with the feasible.

In particular, contextual intelligence requires an understanding of groups’ cultures; the distribution of power resources; followers’ needs and demands; information flows; and timing.

Contextual intelligence is particularly important in foreign policy, because an effective leader must understand the culture and power structure of other societies, and how they interact as an international system.

With years of experience in foreign affairs, George H. W. Bush had excellent contextual intelligence. With almost no experience in foreign affairs, “W” did not.

That gap proved the difference between the success of the father and the failure of the son. Project Syndicate