



CRAFTING OUR NEW COLLECTIVE NARRATIVE

## Concept Paper

‘People tell you who they are, but we ignore it because we want them to be who we want them to be.’  
Don Draper, *Mad Men*

### Introduction – The Australian Rabbit Population Explosion

In 1859, Thomas Austin, an Englishman who had migrated to the colony of Australia as a teenager, imported 24 English rabbits to Australia. The purpose for importing these rabbits was to fulfil a need common to old English country gentlemen – Austin wanted to hunt them. Naturally, Austin could have hunted and did hunt animals that were native to Australia, but he had said, ‘The introduction of a few rabbits could do little harm and might provide a touch of home in addition to a sport of hunting.’

As it turned out, Austin’s belief was horribly mistaken. This is because rabbits breed like, well, rabbits. Just a decade after Austin introduced these 24 rabbits to Australia, two million rabbits were being shot annually in Victoria. But this did not seem to deter the rapid rabbit population growth. By the 1920s, at the peak of the rabbit population, Australia had become home to an incredible 10 billion rabbits<sup>1</sup>, all due to one English gentleman’s homesickness.

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<sup>1</sup> Naturally, the rabbits did not just breed, they also ate, stripping Australia bare of vegetation and driving many native plant species into extinction. Without plant roots to hold the soil together, the land suffered severe erosion. Other animals suffered as well as they had to compete with the rabbits for food.

The enormity of the problem became clear by the 1880s. Over the following decades, Australians tried everything – shooting, trapping and poisoning the rabbits, burning or fumigating their burrows, sending ferrets into tunnels to flush the rabbits out and, hilariously, building a fence over a thousand miles long to try to keep the rabbits out of Western Australia. Later, scientists launched biological warfare on the rabbits; in 1995, a rabbit haemorrhagic diseases virus was released into the wild<sup>2</sup> and, two decades on, seems to have worked. Rabbit populations in South Australia have declined, vegetation has returned and many animals on the brink of extinction have seen their numbers grow.

### **Of Rabbits and Ripple Effects**

The underlying lesson beneath the story of the explosion in Australia's rabbit population is par for the course in human history. Despite the fact that the human brain is wired to think in terms of cause and effect<sup>3</sup>, *unintended consequences* abound in nearly everything we do. Tamim Ansary, an Afghan-American writer, eloquently shows how, in the history of humanity, the narratives that we develop unfold inevitably within a mosaic of other narratives, often unbeknownst to one another. For example, in his latest book, *The Invention of Yesterday*<sup>4</sup>, Ansary skilfully narrates how climate change in Northwest Europe had ripples onto the Song empire, the Turkification of the Islamic world, the Afghan expansion into northern India, and the Crusades.<sup>5</sup>

The broader point that Ansary makes in his wonderful book is that the engine of history – beyond the battles and wars we wage with each other, with our immediate geography and with our own planet – is one of *narrative*. Of the stories we tell ourselves and to whoever we meet. In the course of human history, from when we were organised as small bands of hunter-gatherers distributed around the world, we invented stories. These stories served to aid us in survival, in finding purpose and meaning, and in explaining the unexplainable, forming as evolutionary biologist Joseph Henrich calls it, our 'Collective Brain'.<sup>6</sup> Over time, such stories became the bases for empires, civilisations and cultures. And as these empires, civilisations and cultures grew, our narratives overlapped, sometimes harmoniously, often chaotically – becoming, in many ways, a conflict between the story of *us* versus the story of *you*.

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<sup>2</sup> It is worth noting that the virus was mistakenly released. Scientists were working on this virus on an island off the south coast to reduce the risk of the virus getting loose and spreading to the mainland. Naturally, the virus got loose and spread to the mainland via flies. As Dr. Ian Malcolm in Jurassic Park said, 'Life, uh, finds a way.'

<sup>3</sup> Kahneman, Daniel. (2011). 'Thinking, Fast and Slow.' New York, New York: Farrar, Straus and Giroux.

<sup>4</sup> Ansary, T. (2019). 'The Invention of Yesterday: A 50,000-Year History of Human Culture, Conflict, and Connection.' New York, New York: PublicAffairs.

<sup>5</sup> The book is chock-full of heavily researched layers of fascinating narratives, including the link between trade policy in the Qing dynasty and the American Revolution, the construction of the Great Wall of China and the fall of the Roman Empire, among others.

<sup>6</sup> Henrich, Joseph. (2016). 'The Secret of Our Success: How Culture is Driving Human Evolution, Domesticating our Species, and Making Us Smarter.' Princeton, New Jersey: Princeton University Press.

A clear example is provided by Peter Frankopan, Professor of Global History at Oxford University, in his book *The Silk Roads*<sup>7</sup>, where he berates how Britain in particular (and the West in general) imposed a ‘world history’ on the many peoples colonised in empire-building which gave extraordinary and unwarranted significance to the domestic squabbles of English royalty, completely ignoring seismic events of continental magnitude. Facilitated by the imposition and adoption of English as the common language, this skewed definition of history through *selection of narrative* very powerfully colonised minds, imposed a standardised culture and worldview, and embedded London as a global capital.

### **Covid-19 and the Unmasking of Our Stories**

For much of 2020, the Covid-19 pandemic ravaged the world. Today, while the roll out of global vaccination measures points towards a light at the end of the tunnel, the tunnel is still long and dangerous. We may no longer be groping in the dark, but we are certainly not close to serious illumination. The sharing of intellectual property and the waiver of patents for vaccine production remain fiery global political issues, amplifying the divide between richer nations and less rich nations. Governments still stumble in figuring out the appropriate pandemic response measures. Businesses remain cautious in expanding capital expenditure. Consumer sentiment, at least among the non-rich, remains woeful. Indeed, for many, the pandemic has brought humanity and our planet into a new world; to them, the world has changed irreversibly.

Taking the lens of Ansary’s work, if indeed it is true that the world has changed irreversibly, the stories of our world that we told ourselves prior to Covid-19 must therefore be outdated and a new perspective, shaped in the chaos of the pandemic, has inevitably emerged.

*However, is this necessarily true?*

Taking a step back, we can see several trends which are simultaneously surprising and unsurprising. For example, consider the continued rise of global financial markets in response to expansionary monetary policy measures, amidst the backdrop of declining real economic growth globally. Consider the fact that millions of people became unemployed around the world, but billionaire wealth increased 27% on average worldwide. What about the fact that, during lockdowns, many of the workers who were deemed ‘essential’ workers were those who worked in supermarkets, food delivery, pharmacies, and so on, whose salaries typically do not come anywhere close to ‘non-essential’ investments professionals, economists, and corporate executives?

Covid-19 might have changed some things. But for many other things, particularly in the socio-economic realm, Covid-19 did not really change anything. Rather, it merely revealed our social systems for what they were. In other words, the true plot of our collective narrative emerged, with Covid-19 stripping the superficial layers of the narrative and laying bare what is. Nowhere is this clearer than the impact of Covid-19 and the global financial system.

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<sup>7</sup> Frankopan, Peter. (2015). *The Silk Roads: A New History of the World.* Bloomsbury.

## **Fighting Imbalance with Imbalance**

Jasper National Park in the Canadian Rockies in Alberta, Canada is one of the most beautiful places on Earth. But, in recent years, the tapestry of green forests in and around Jasper National Park has been increasingly disrupted by splashes of red. The red trees are dying trees, caused by a pest called the mountain pine beetle which can kill a tree within weeks of an attack. One of the main reasons for the infestation onslaught of the mountain pine beetle is, surprisingly, Alberta's long history of successful fire suppression.

Natural Resources Canada states that forest fires often stimulate new growth. Forest fires release nutrients stored on the forest floor litter, open the forest canopy to sunlight and allow some tree species such as pine trees to reproduce. However, Alberta has done such a good job in suppressing fires for such a long time that there are too many trees in the forest. This allows the mountain pine beetle to thrive, killing more trees and then, ironically, increasing the chances of a more severe wildfire as more dead dry trees are available as burning materials. This is another *unintended consequence* of well-meaning human intentions which fail to account for the long-term effects of our actions.

Turning back to Covid-19, one of the most widely used public health interventions globally was the 'lockdown'. In Malaysia, this took the form of our various Movement Control Orders. To counteract the various impacts that lockdowns would have on people and businesses, particularly small and medium enterprises, governments around the world embarked on wide-ranging fiscal and monetary expansion programmes. These included wage subsidies, direct cash transfers, reskilling rebates and bank loan moratoriums. More than USD10 trillion worth of stimulus announcements took place in the first two months of the Covid crisis, with the bulk of the measures being monetary stimulus, in the form of greater liquidity via quantitative easing.

The imbalances created by natural fire suppression mirror the imbalances created by QE as it attempts to stave off an economic recession amidst the global pandemic. Even today, all around the world, governments and central banks continue to undertake expansionary budgets and expansionary monetary policy both as a means of hastening economic recovery but also to kick the can down the road regarding slow economic growth. This is, to an extent, to be expected of governments – their fear of losing power may incentivise them to avoid an economic slowdown. As a consequence, they are more prone to responding to the short-term pressures put on them by their electorate.

Independent central banks are supposed to be immune to these pressures. But, reality, as we know, is far more complex and central bankers too face pressures from a variety of stakeholders. This is perhaps most pronounced in the United States where, in August 2019, then President Donald Trump attempted to pressure Federal Reserve Chairman Jerome Powell into cutting interest rates, Tweeting: '...The only problem we have is Jay Powell and the Fed...Big US growth if he does the right thing, BIG CUT – but don't count on him! So far, he has called it wrong, and only let us down...We are competing with many countries that have a far lower interest rate, and we should be lower than them...Wake up Federal Reserve. Such growth potential, almost like never before!'

But beyond piling on to the already imbalanced financial system, greater liquidity injections have been found to disproportionately benefit asset owners rather than the real economy. It is precisely for this

reason why global aggregate demand remained muted for the past decade – liquidity serves the wealthy first and foremost. According to Oxfam, in 2019, the 26 wealthiest people owned as much as the poorest 50%, i.e. 3.5 billion people. In terms of income inequality, over the recent two decades, most countries have experienced a rise in within-country inequality – especially in the case of rapidly growing emerging economies in Asia (e.g. China, India) as well as developed economies (e.g. US and France). Moreover, half the countries in the world recorded increases in national inequality, with their Gini coefficients – the most common measurement of income inequality – rising by more than two percentage points, according to the IMF.

Time series data of shares in national income by income percentile confirms these trends. Most of the global top 10% in income have seen their shares in national income rise from 20% to 35% in 1980 to around 40% to 60% in 2016, while the bottom 50% have seen their shares decline from between 20% to 30% in 1980 to around 10% to 20% in 2016. Furthermore, income growth has been uneven within countries. The rich in China, Europe, India, Russia, and North America have seen incomes grow faster than incomes of the poor and the middle class. In Russia's extreme case, incomes collapsed for the poor and barely grew for the middle class while the bulk of this growth was captured by the rich.

Covid-19, an incredibly recessive crisis in terms of impact along the income scales, has merely exacerbated this. In a global survey of 295 economists from 79 countries, commissioned by Oxfam, 87% of respondents including Jayati Ghosh and Jeffrey Sachs, among others, expect an 'increase' or a 'major increase' in income inequality in their country, resulting from the pandemic. We need to understand why.

### **Covid-19 and the Face of Inequality**

The French Enlightenment philosopher Jean-Jacques Rousseau argued that inequality results from people's efforts to be thought of and treated as superior. The socioeconomic system under which the world had been operating prior to the pandemic was already under scrutiny. Huge monopoly powers by large corporate entities, particularly in technology; economic systems that seem to disproportionately benefit the *haves* versus the *have-nots*; institutions that seem bent on preserving the status quo as opposed to redistributing power; individuals with wealth and power that seem immune from multiple facets of the law, and much more – all masked under a pretence of seemingly democratic institutions and norms. Covid-19 removed that mask.

Institutions do not come out of nowhere. In Economics parlance, they are not exogenous; they are endogenous. What this means is that they are chosen by people – either actively or passively – especially those with larger spheres of influence. Instead of a meteorite from space or rock formations chiselled by lava and water, institutions are more akin to sculptures produced by society, formed in large part by the stories we tell ourselves about ourselves. As such, at some point, due to a continued feedback loop of institutions and norms, we land with the system of institutions we have today.

If we believe that our socioeconomic institutions today are rigged or unjust, then we must certainly have a view of how they would be un-rigged and just. In other words, we must have a view of the institutions

we would *like to have*. We may not share the same view, but we have a view nonetheless. The question therefore is: *how do we transform our existing institutions towards that view?*

Discussions of this sort on inequality can be intensely philosophical. This is not what we are after. Rather, we would like to turn to history and social anthropology. In figuring out how we reshape society, we need to understand how societies are shaped in the first place, including the norms and institutions that they practise. Joseph Henrich, who spoke at KMF 2019, calls this collection of norms and institutions a society's 'Collective Brain'. According to Henrich, if the success of a given group is dependent on its Collective Brain, and the Collective Brain is an accumulation of a 'large body of practices, techniques, heuristics, tools, motivations, values, and beliefs' – culture and social norms, in other words – it therefore follows that the success of a given group and 'how well [it] functions depends heavily on its package of social norms.'

But how is the Collective Brain developed in the first place? Here is where the multidisciplinary perspectives of history, archaeology and social anthropology come into play. In their book, *The Creation of Inequality*<sup>8</sup>, University of Michigan Professor of Anthropological Archaeology Kent Flannery and University of Michigan Professor of Social Evolution Joyce Marcus argue that, in studying both prehistoric tribes and modern day tribes of hunter gatherers – tribes which are either untouched or largely untouched by modern day social institutions and therefore indicative of human society sans those institutions – tribes tend to be generally egalitarian in nature.

This is not to say they were or are all egalitarian. According to Flannery and Marcus, '... a certain degree of sexism and age-based discrimination would prevail ... our society would also retain its ethnocentrism.' But over time, these tribes – which were the first social groups in our long human history – managed to develop into clans and into societies and into kingdoms and into empires which, as one can imagine, have high incidences of social inequality. *How did that happen?* In other words, how did our long ago ancestors transform the original level-ish playing field into stratified society?

According to the authors, while things like ecological pressures, demographic pressures and so on matter, given the fact that humans are incredibly social creatures, the answer lies in the 'social logic' possessed by each human group or society. 'Social logic' here is roughly defined as prevailing cultural norms and beliefs which are held by those societies. Indeed, present day societies – hunter gatherer or not – can be observed making changes in that logic (for instance, the primacy of individual freedom as opposed to group cohesion). Inequality results from the conscious manipulation of the unique social logic belonging to every group. Our prehistoric ancestors may have used '*mana*' (spiritual life force), '*tohunga*' (expertise), and/or '*toa*' (bravery and toughness) to differentiate members of society. Today, we use things like 'undergraduate degrees', 'neighbourhood zip codes', and 'IQ tests'.

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<sup>8</sup> Flannery, K. & Marcus, J. (2012). *The Creation of Inequality: How Our Prehistoric Ancestors Set the Stage for Monarchy, Slavery, and Empire.* Cambridge, MA: Harvard University Press.

## **The Invention of Tomorrow – Crafting our New Narratives**

If history is a series of nested and conflicting narratives, and if we believe that our existing narratives need to be better, we then need to collectively imagine how we can craft new stories for our future. The difficulty in doing so is multi-fold, but may be summarised as follows – it is impossible to have a clean break and a total reset given the context and baggage of history and the present, but at the same time, serious change to our socioeconomic system requires changes in our underlying social logic which, historically, necessitates upsetting the status quo and those in power.

History has shown us that those in power do not give it up easily. That power need not be political; it can also be financial. Consider Mark Zuckerberg. By giving money away via his charitable foundation, but continuing to protect business practices of Facebook, he is simply redistributing money, but not power. Perhaps we have been thinking of inequality in the wrong way or, rather, in the way that those in power would like us to – that is, solving inequality means redistributing economic gains. *What if solving inequality requires a serious redistribution of power and privilege?* What changes in social logic would get us there, before Walter Scheidel’s four horsemen of the ‘inequality’ apocalypse – disease (did not work in 2020), warfare, revolution and state collapse – becomes reality? Yes, history has shown us, as argued by scientists Brian Hare and Vanessa Woods in *Survival of the Friendliest*<sup>9</sup>, that nonviolent protests tend to be more successful, at least in the 20th century and early 21st century, than violent protests – but societies have tipping points. How do we change social logic before we stare down that tipping point towards a path of no return?

A new form of capitalism has been called for by many quarters, from Nobel Prize winning economists such as Joseph Stiglitz to international institutions such as the World Economic Forum. The primary message behind this new form of capitalism is a call for capitalism to not simply be driven by self-interest, but also by societal interest. This includes calls for ‘Environmental, Social and Governance’ (ESG) reporting, B Corporations, social enterprises, impact investing, and social change provided by technology-based platforms.

Mariana Mazzucato, in her most recent book *Mission Economy*<sup>10</sup>, argues that capitalism, in present form, is not fit-for-purpose in solving some of society’s most ‘wicked’ problems. These include disease (in which she has been proven right), inequality, the digital divide and, perhaps most crucially, our global climate crisis. To truly reform, she argues that we need to take inspiration from the American ‘moonshot’ of the 1960s and have a whole-of-society approach to tackling such problems. She focuses on the immense power of the public sector to shape markets – which are, after all, *state constructs* as argued by Karl Polanyi – and to therefore infuse capitalism with public interest to solve public crises.

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<sup>9</sup> Hare, B. & Woods, V. (2020) ‘Survival of the Friendliest: Understanding Our Origins and Rediscovering Our Common Humanity.’ New York, New York: Random House

<sup>10</sup> Mazzucato, M. (2020). ‘Mission Economy: A Moonshot Guide to Changing Capitalism.’ New York, New York: Harper Business

While such ideas attempt to reshape our existing economic systems and narratives, there are others – such as CUNY Professor of Economics, Branko Milanovic – who argue that the main battle between forms of economic organisation has long evolved from *capitalism versus socialism* towards *two* distinct forms of *capitalism*.<sup>11</sup> He calls the first ‘Liberal Capitalism’ and the second ‘Political Capitalism’. The former is defined as Western-style capitalism, combining both liberal democracy plus capitalism, where democracy and the rule of law enables social mobility and dynamic innovation. The latter is defined as China-style capitalism, where the autocratic and technocratic bureaucracy in power has the duty of delivering high economic growth. Which form of capitalism will endure is not inevitable; but switching from one to the other requires serious reforms, not just tweaks, to the entire existing system.

Turning to technology, the world is abuzz with words and phrases like ‘Fourth Industrial Revolution’, ‘Artificial Intelligence’, ‘Machine Learning’, ‘Mass Digitalisation’ and more. Indeed, technology is heralded as the saviour for our woes, capable of unlocking government, business and human potential for unparalleled societal gains. The data, however, seems to suggest otherwise. According to an MIT report<sup>12</sup>, ‘... While productivity growth was not as rapid between 1975 and 2005 as during the first three decades after World War II, it was consistent with the prevailing pre-war trend. By contrast, it has been remarkably sluggish since the mid-2000s, both in the United States and the European Union ... How do we reconcile this lacklustre growth with the dazzling new technologies we see around us?’ More pertinently, the Washington think tank Economic Policy Institute states that: ‘Since 1973, hourly compensation of the vast majority of American workers has not risen in line with economy-wide productivity. In fact, hourly compensation has almost stopped rising at all.’

To understand this, we turn to history. The post-World War II period of economic growth was driven by a combination of automation and computerisation that was ‘labour-complementary.’ This meant that rather than simply replace human labour, these technologies freed up human labour towards more productive uses of their time. These types of technologies tend to increase earnings because they make workers more efficient and effective in their existing jobs. The flipside of these technologies, which have emerged in more recent times, is ‘labour-substituting’ technologies. These types of technologies disrupt employment and displace workers without generating much of a boost in productivity. Indeed, labour-substituting technologies have tended to displace non-college workers from traditional office and production jobs without creating new jobs in other parts of the economy.

Therefore, even as we explore new technologies, we need to be cognisant of the fact that any adoption of new technologies come with consequences. As such, as we innovate, we should not lose sight of but rather repurpose the human aspect towards labour-complementary technologies. In fact, the greatest innovator of them all, Mother Nature, does this all the time. As evolutionary biologist and paleontologist

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<sup>11</sup> Milanovic, B. (2019). ‘Capitalism, Alone: The Future of the System that Rules the World.’ Cambridge, Massachusetts: Harvard University Press.

<sup>12</sup> MIT Work of the Future. (2019). ‘The Work of the Future: Shaping Technology and Institutions.’ Fall 2019 Report.

Neil Shubin puts it, in his book *Some Assembly Required*<sup>13</sup>, “Great revolutions in life do not necessarily involve the wholesale invention of new genes, organs or ways of life. Using ancient features in new ways opens up a world of possibility for descendants”. He makes the point that evolution is essentially a process of constant repurposing of existing genetic material to create new adaptations to the environment. For instance, the same genes, known as Hox, were active in the development both of fish fins and of human fingers.

### **Watch your Step: Unintended Consequences Abound**

We need a new set of global narratives – this much is clear. What those are is up to us to collectively craft. The invention of tomorrow is still very much in our hands and, more so, in our minds. *How do we do so?* Yet, in inventing tomorrow, let us not forget the story of Thomas Austin and the rabbits. Humans have serious difficulty in seeing all ends in complex and dynamic systems; *unintended consequences* are bound to occur. Where we started this Concept Paper with a story of introducing rabbits, it is worth cautioning on the opposite.

Mao Zedong’s Four Pests campaign sought to eliminate mosquitoes, rats, flies and sparrows. The problem with sparrows, according to the Four Pests logic, was that they ate grain; for every single grain that a sparrow did not eat, a Chinese person could. The Four Pests campaign is estimated to have killed 1.5 billion rats, 11 million kilograms of mosquitoes, 100 kilograms of flies and a billion sparrows. This all sounds great until we remember that sparrows did not just eat grain, they also ate insects, particularly locusts. Freed from the predation of a billion sparrows, the locusts rampaged through the crops of China causing utter devastation and contributing to the Great Famine. Removing a perceived problem can be just as devastating as introducing a misguided solution.

### **The Panels**

Since the inception of KMF, themes have been discussed ranging from a new context where uncertainty is normality to the need to generate growth with inclusion in an age of paradox; to whether or not good stewardship based on the political economy of location, environment, and demographics can overcome geography as destiny; to the juxtaposition between Artificial Intelligence and Human Intelligence; and most recently, to how we can ‘Build our Collective Brain’ to engender better outcomes for markets, firms, economies and, most importantly, societies.

The KMF 2021 theme is: ‘**The Invention of Tomorrow: Crafting Our New Collective Narrative**’. In upholding KMF traditions, panel discussions will continue to be organised along four core sessions: how various *markets* globally are affected; what the theme means to *firms*, and *society* at large; what are the imperatives of leadership and *people*.

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<sup>13</sup> Shubin, N. (2020). “Some Assembly Required: Decoding Four Billion Years of Life, from Ancient Fossils to DNA.” New York, New York: Pantheon