



KHAZANAH  
MEGATRENDS  
FORUM 2022



# DEVELOPMENT AND ITS COMPLEXITIES

---

STEERING OUR WAY  
THROUGH A PERFECT STORM

**DAY 2** SESSION SUMMARIES

# FEATURE ADDRESS

by Prof Stefanie Stantcheva

## How People Understand Economic Policies

**People's understanding of economic policies is shaped by different factors (e.g. perceptions, attitudes, knowledge).**

**In general, people are worried about structural problems** (e.g. climate change, lack of social mobility, and inequality of opportunity). There is an increasing pressure for governments to act urgently to solve these challenges.

**Nonetheless, concerns and prior knowledge regarding an issue do not translate to policy inclination and intervention.** In reality, people tend to have different views on "hard" facts and different favoured solutions.

**People with different political affiliations have very different views on redistribution policies.** For instance, left-wing people who are most pessimistic about mobility are supportive towards more redistributive policies whereas right-wing people view the government "as part of the problem, rather than the solution".

**Among the factors that shape people's receptiveness towards redistributive policies, people care most about who wins or losses, and "fairness".**

**Fairness is in the eye of the beholder and perceived winners and losers vary across people.** Factors which influence how "fair" people view redistribution policies include (1) perceptions of social mobility and equality of opportunity, (2) views about immigrants, and (3) perceptions of one's own stand relative to others.

**People are more accepting of inequalities conditional on factors less relevant to income** (e.g., municipality, age, gender) than inequalities conditional on factors more relevant to income (e.g., education, sector, firm). Inequalities between co-workers within the same firm or sector and with similar education background is considered most unfair.

**Concerns on "fairness" also affect people's receptiveness towards climate change policies and trade policies.** There is likely more support for policy designs which are perceived as fairer and more progressive.

## Policymaking may be more effective via narrative storytelling than hard facts.

People have complex and deep-rooted views that influence their receptiveness towards different economic policies. For example, just prompting people to think about immigrants before asking them questions on redistributive policies will make them less likely to support redistribution.

Issues such as climate change, food security, and widening inequality are threats and opportunities. Policymakers should rethink and reinvent economic policies which take into account of the "human perspective" to better serve society.

Rather than forcing "hard facts" down people's throats, policy advocates should focus on crafting narratives which can effectively challenge people's current stance. However, it is important to note that understanding facts are helpful in policymaking within certain domains such as climate change.



# CORE SESSION 3: GROWTH AND DEVELOPMENT

by Prof Ha-Joon CHang, Katrine Marcal, Prof Nathan Lane

## Development and its Complexities: An Industrial Policy By All For All

**There is a long history of gender bias in industrial policy.**

**Trade and supply chain are largely dominated by men**, holding almost all (99%) of procurement contracts in the world economy. This has created massive opportunities and innovation potentials from women.

**There has been a wealth of inventions that were set aside historically because they weren't "masculine" enough for the society**, resulting in too little investments for technology that are made by or for women in the society. For example, the demise of electric vehicles around 1970s in the United States happened partly due to electric vehicles being marketed for women.

**Care and services economy has been neglected due to it being regarded as "feminine work"**. Subsidising forms of care work will help maximise social returns. This further supports a more inclusive view of the economy to navigate the complexities of development.

**Political economy and industrial policy are interrelated and represent the biggest barrier.**

**Economics is essentially at the heart of politics, because the market is defined through political means.** The political institution determines who benefits from change and development, which is an unfortunate situation because millions fall through the cracks of development.

**Meritocracy is inherited today, with wealthier parents using the system to safeguard opportunities for their children to remain at the top.** To tackle this, the living standard for every child/family should be guaranteed through the provision of free education, training, and housing.

**Institutions have pushed grandiose industrial policies more overtly but have only been justified theoretically and without data.** We need to be able to evaluate the returns of past industrial policies, in order to systematically determine suitable industrial policies.

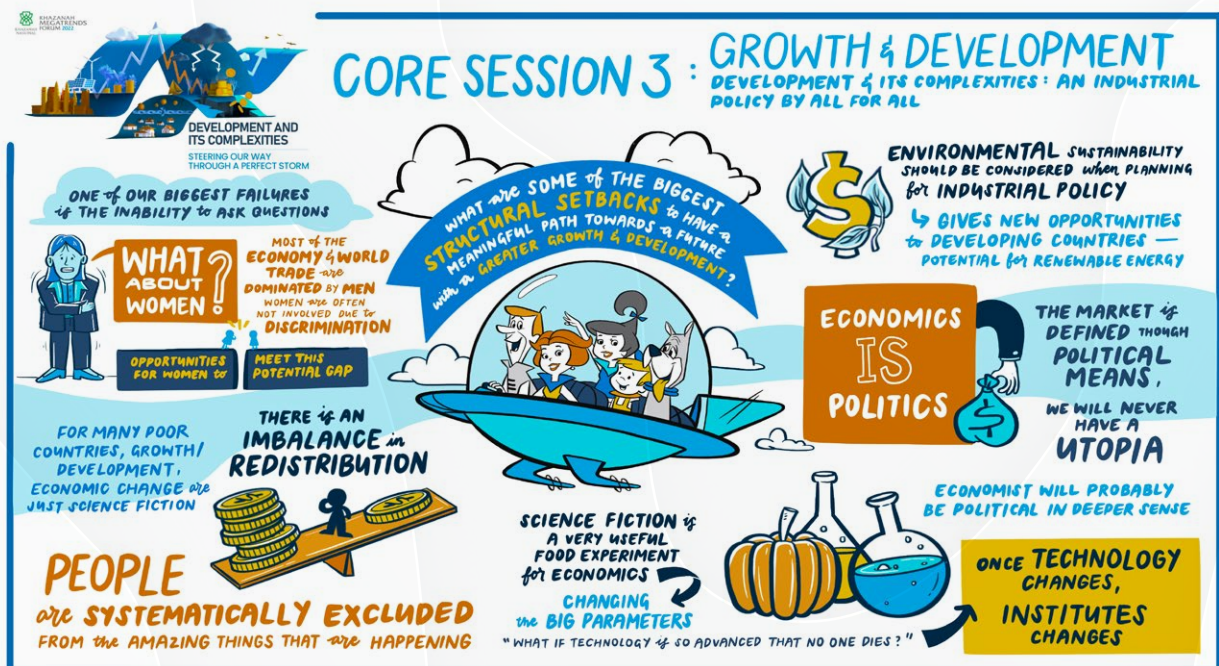


Technology and automation have been a part of capitalism history; we should be prepared for it.

Female-dominated sectors in the labour market are less likely to be affected by automation. Some of these jobs such as care workers require some sort of skills and specialisations, including interpersonal skills and emotional intelligence, which are hard to be replaced by machines.

To maintain our material progress, industrialisation is important. We have what we have today because of technological innovations from an industrialised market. For example, over 80% of the research and development (R&D) initiatives came from the manufacturing sector, including fertilizers, tractors, and more.

There is a positive outlook for strong industrial policy in the future. The potential is high in industries related to sustainability, for example shifting the focus to the utilisation of renewable energy (e.g., solar energy) enables cost-savings in the industrialisation process and helps capture new windows of opportunities.



# FEATURE ADDRESS

by David Rooney

## Clocks and the Long View

### The Historical Significance of Clocks

**Worldwide, the clock tower serves as the symbol of the city and the people's identity.** Citing Chioggia, one of the world's oldest working clocks that has witnessed the survival of the town through deadly pandemic and warfare. It is a monument symbolizing hope and long view.

**The clock tower is an essential infrastructure carrying historical stories.** It was usually built in a public square that is easily accessible. In former colonies, clock towers were built on Western ideas of order and discipline.

**Atomic clocks keep the entire modern world functioning.** Their roles span agricultural, religious, financial, and other essential human activities. Information is also largely derived from time signals of global satellites, but they are weak and are easily spoofed. Therefore, we are becoming increasingly reliant on high-precision clocks for our daily lives.

### Tyranny of Time

**Time zones have been used as an exercise of political power.** For example, the GMT used as the main reference point for standardized time zones

**Clock towers were used by the colonial authorities as a physical representation of the ruling colonial class by proxy and as a tool of control and oppression,** they were designed to operate at a slower pace to keep labour working for longer hours of the day.

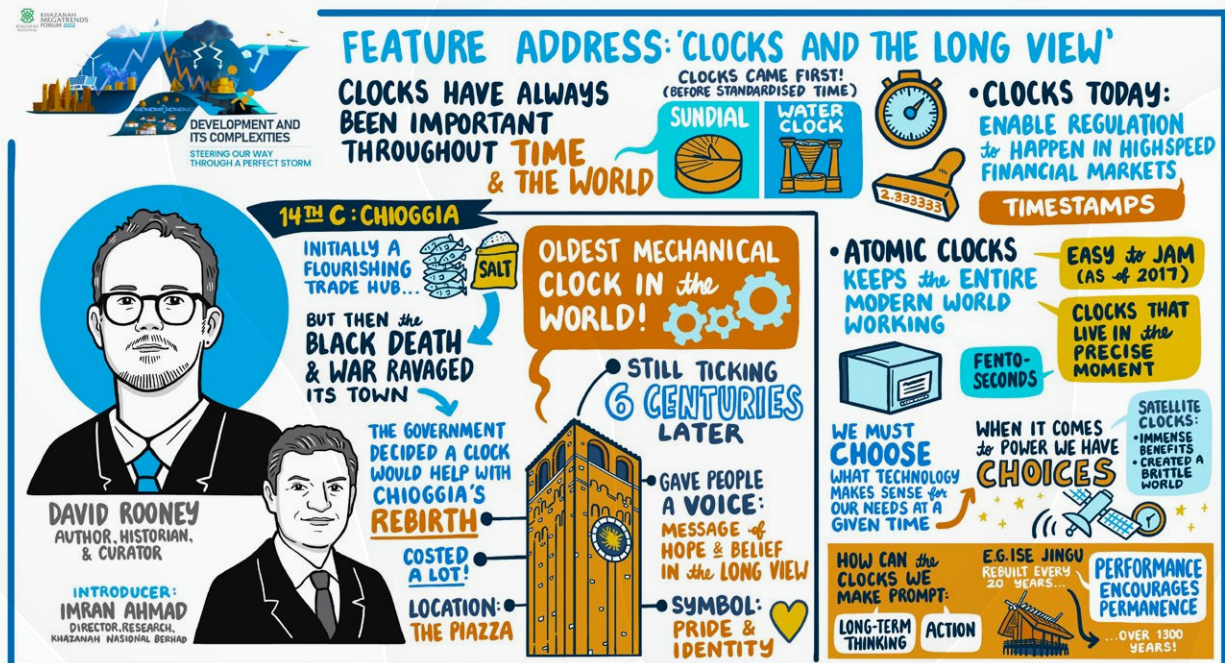
**Clocks have been used to regulate the financial market since 1611 but there are risks associated with the increased sophistication of modern clocks;** firms with better computing systems have an inherent advantage in computerized trading as their machines can process and perform financial transactions at a faster rate. Currently, 50% of stock trading in the United States are conducted through high-frequency trading.

## Clocks and the long view

**Civilization brought about pathological short attention spans.** Technological advances allow time to be measured up to femtosecond, which may narrow our view of time and the future. There is a growing need to focus on the long view and to be more forward-thinking.

**Clock is a tool for humans, and we must not be beholden to them.** Timekeeping is not limited to human activities but is also relative to the natural clock. This means the synchronization of artificial time and the natural time cycle.

**Society must decide the future concept of time.** What messages do we want to pass on to our successors? What do we say to our descendants as we steer and navigate ourselves through the perfect storm.





# FIRESIDE CHAT: INNOVATION ECOSYSTEM

by Christine Tsai, Jupe Tan

## Impact is part of the venture capital DNA.

**Many of the megatrends that Venture Capitals (VCs) are looking at overlap with Dana Impak's six key themes.** There is a push for innovation and a huge opportunity within the startup space in serving the underserved through areas such as financial inclusion, food security, digitalisation, access to healthcare and education, and sustainable cities.

**While based in Silicon Valley, 500 Global and Plug and Play see a lot of potential that can be galvanised in the Southeast Asian startup space.** 500 Global's first Southeast Asian investment was in 2011 and 20% of their global team is based in KL. Plug and Play started investing in Southeast Asia since 2015. We are just scratching the surface in terms of capital, especially compared to the public markets and other areas within private investment.

**Team, technology, and traction are the key filters used to identify potential investments.** There needs to be defensible and scalable Intellectual Property (IP) and strong conviction that the company can become a category leader. Investors also look at the serviceable market size, which is a subset of Total Addressable Market (TAM) and varies by geography and industry.

## Corporates play an important role in the VC ecosystem as investors, innovation or distribution partners, and acquirers.

**While VCs focus on early seed ventures, corporate funding is essential to keep startups afloat in the following rounds.** Also, corporates provide a platform for startups to acquire customers.

**Corporates are increasingly engaging in 'external innovation' by outsourcing innovation to startups.** In contrast to the traditional model of supplying mentorship and funds, corporates are also supplying problem statements for startups to provide solutions to, and this is a mutually beneficial relationship.

**Corporates need to understand that VC is a long game.** Returns take time to materialise. Currently, many corporate innovation initiatives often fizzle out after 2-3 years due to poor or no returns, as corporate executives tend to take short-term views.

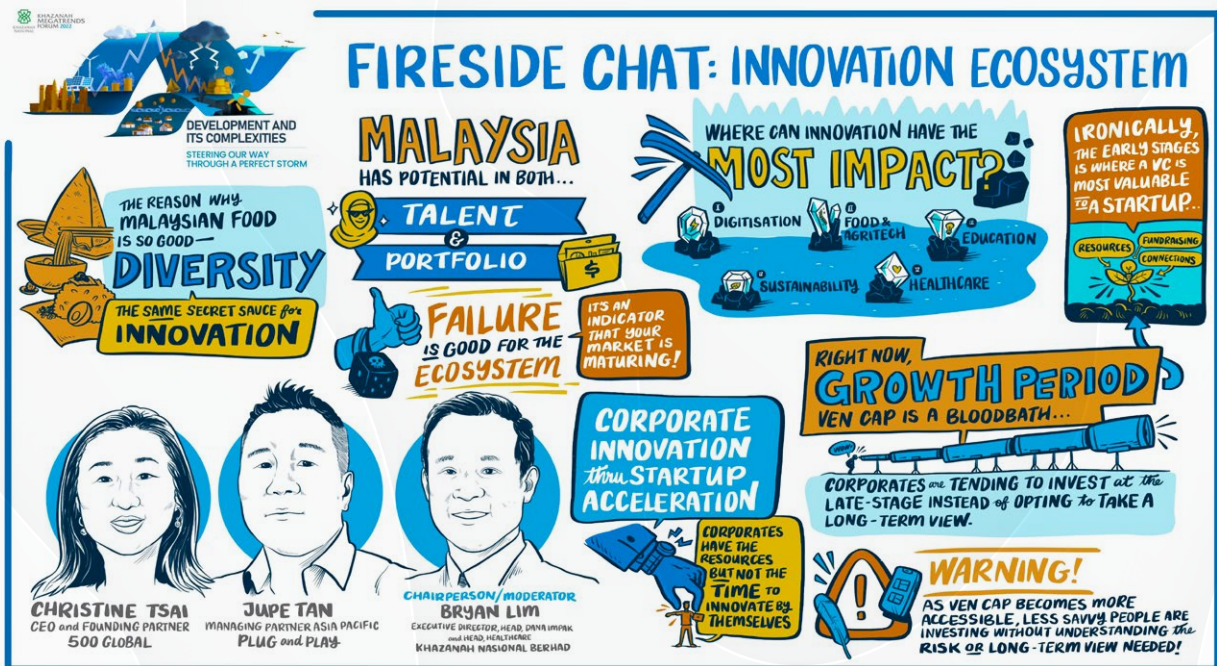


## Managing risks and accepting failures are crucial for VCs to thrive.

**Diversification helps manage risks.** 500 Global's track record shows that their approach of de-risking early-stage venture via diversification through a larger number of investments has worked well, compared to traditional venture capital that only invests in 10-20 companies.

**Failure is common in nascent markets, but we should not let this deter investment** to help jumpstart the economy. Negative headlines about failed VC investments are causing concern about global funding avoiding the market. However, this is usually not the case, and the ecosystem is maturing.

**VC is high-risk, high-reward, and long-term.** 500 Global invested in Mexico and Southeast Asia which was very risky back then but are currently generating positive returns.



# MALAYSIANA: 'Stories of Spectacular Malaysians'

by Alvin Chen, Faisal Ariff, Hanna Alkaf, Ida Thien,  
Dr Yolanda Augustin

**It is not only about what we know, but who we know that determines our outcomes.**

**Influence of background and how it shapes our socioeconomic outcomes.** Importance of the right platform should not be undermined in tackling social gaps and provides a pathway to a better future.

**Power of inclusivity in building social capital.** Cross-class friendships have the ability to build knowledge and social capital. Expansion of networks lead to better access of opportunities and acts as a platform for personal growth.

**"The only ingredient we are short of is integrity".** Fairness should be exercised when rewarding talent to ensure an equitable outcome. A system that is more inclusive, is also one that has a more resilient and excellent form of success.

**Empowerment is at the core of each social movement.**

**It is important to create opportunities for the beneficiaries and empower them to make choices themselves.** Closing the Gap acts as a platform to provide multiple options for beneficiaries while providing a secure space for decision-making process.

**A successful movement is not only one that self-empowers their beneficiaries, but also allow for them to empower others.** Recipients of the What a Waste (WAW) programme also contributes back to the movement by being employed by WAW as their professional cooks or ambassadors.

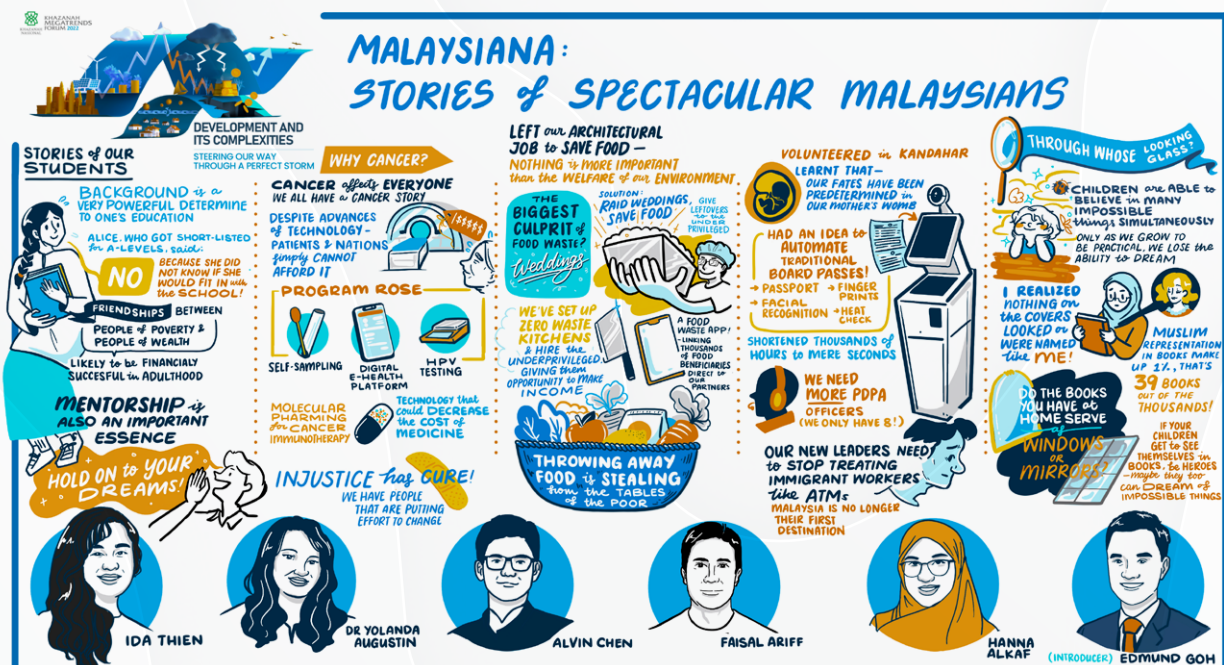
**Representation in popular fiction can serve as tools of empowerment by encouraging us to dream the impossible.** Thus, it is important to encourage diverse characters in fiction and to create representations within our capabilities.

**Innovation and development are essential in addressing the gaps identified in society.**

**It is crucial to identify and acknowledge systemic short-comings, and execute the changes needed.** The revamp of the YTAR scholarship selection process which prioritize equity over merits allows opportunities to disadvantaged students. Similarly, migrant workers should be given fair treatment as they continue to play an important role in nation building.

**The inclusion and development of technology within social change movements can improve accessibility to goods and services.** The invention of See-and-Treat point-of-care pathways for cervical screenings in rural settings improved the outreach of cervical cancer treatment among rural women. Additionally, the What a Waste movement and app which linked food providers to recipients gave way to the redistribution of food to lower-income communities.

**Finding your "Ikigai" in the work that you do can inspire innovation in your field.** While passion, mission, profession, and vocation are important motivators in your career, it is also important to find the overlap of doing what you love, what the world needs, what you are good at, and what you get paid for.





# FIRESIDE CHAT: COMMUNITY DEVELOPMENT

by Bill Walczak, Alina Amir

## Creating a community that comes together to empower each other can change a child's trajectory

**Community building needs to be inclusive. Children defined by social circumstances can lose out under systemic pressures.** Therefore, community building requires championing not only children, but also their parents.

**Social conditions can be geographically and economically determined.** Thus, government policies need to level the playing field.

**We need to build communities that are resilient and hopeful that things will change in a large scale.** Disasters such as a pandemic disproportionately affects marginalized children, and we need to address the root issues of children being left behind.

## Everyone plays a role in building community, not concentrated to few.

**Providing children with access to learning centres and to teachers, mentors and peers creates an appetite for knowledge.** Through this they will want to be more and learn more.

**We have to adopt a farmer's approach where we farm and grow people instead of a hunter's approach where we hunt and force people to practice things.** We need to support the community builders in order for them to build communities in a more efficient and effective way.

**Community centres and NGOs can be engines for economic development.** This includes taking children from marginalized communities and realizing their potentials through exposure to opportunities. This can be done by strategic placing of facilities and services.



## Community building requires a unified and systemic approach.

Although there is potential for change, there remains uncertainty at a systemic level. It is important that new policies should not be introduced without sufficient data and research.

**Community building needs out-of-the-box thinking.** For example, establishing a community medical centre that does things beyond a medical model and empowering youth to spur policy-level changes.

**We need to have a wider focus and use systemic approaches to achieve more.** The ultimate goal should be looking at ways to create environments where children are better taken care of, in order to spur a virtuous cycle that develops society as a whole.

**FIRESIDE CHAT: COMMUNITY DEVELOPMENT**

**DEVELOPMENT AND ITS COMPLEXITIES**  
STEERING OUR WAY THROUGH A PERFECT STORM

**HOW do YOU PROMOTE HEALTH? START w/ NON-PROFIT GROCERY STORE?**

**WE NEED to MAKE NUTRITIOUS FOOD ACCESSIBLE to EVERYONE in the COMMUNITY**

**WHEN BUILDING COMMUNITIES, it is IMPORTANT to NOT SEE POWER in a PYRAMID STRUCTURE, BUT a CONSTELLATION**

**WHY IS THERE NOT a MORE SYSTEMIC APPROACH?**  
IF CHILDREN DID NOT FAIL — WE WOULD WIND UP WITH a MUCH MORE PLEASANT & SUCCESSFUL SOCIETY

**MAKE CITIES the DESK PLACES WHERE CHILDREN can GROW UP in ABUNDANCE of INFORMATION**

**WE NEED to HAVE the MINDSET of a FARMER, not a HUNTER**  
**YOU ARE GROWING THEM, not HUNTING THEM DOWN**

**MENTAL HEALTH IS A MAJOR UNAPPRECIATED AREA that NEEDS to BE HEAVILY INVESTED in & THE PANDEMIC HAD a TREMENDOUS IMPACT on EVERYBODY**

**BILL WALCZAK**  
PRESIDENT & CO-FOUNDER, CO-CHAIRMAN OF BUNKER HILL COMMUNITY COLLEGE & MASSACHUSETTS BUSINESS ALLIANCE OF EDUCATION

**ALINA AMIR**  
CO-FOUNDER & CEO, ARMS ACADEMY

**MODERATOR SUHANA DENI SELAMAT**  
EXECUTIVE DIRECTOR & HEAD GOVERNANCE, RISK & COMPLIANCE, KHALANAH NASTIONAL BERHAD

# CORE SESSION 4: PEOPLE AND LEADERSHIP

by Dato' Abdul Rahman Ahmad, Bill Walczak, Katrine Marcal

## 0 Captain My Captain – The Trials and Tribulations of Leadership in Steering through a Perfect Storm

**A leader needs a sense of purpose.**

**Not every leadership journey is linear, but all must have a sense of purpose.** Having a clear purpose and outcome is vital in shaping strategic actions, whether it is in heading a regional bank, improving economic discussions by adding the gender dimension, or building a local non-profit community health center.

**Your team must understand and believe in the mission too.** As organizations become more complex, decisions need to be democratized. Employees and team members must understand the organization's purpose in order to make decisions that are in line with this purpose.

**Focus on execution and outcomes, not just blueprints.** The focus on execution and delivering results is understated. While it is important to build knowledge and develop the tools needed for delivering results, it is important to take the first step and just "do it".

**Learning from past crises, leadership must change and adapt accordingly.**

**Values outweigh delivering results.** In a changing environment, leadership styles must adapt by focusing on the broader purpose. For example, during the Covid-19 pandemic, leaders had to create an empathetic environment for employees to rely on their leaders, making employees inspired to continue working from home and deliver results.

**Passion delivers excellence and great results.** To address the big resignation and quiet quitting during the Covid-19 pandemic, leaders must fuel employees' passion and reengage staff. Leaders must do strategic planning to rethink how employees can perform in their jobs as it is more costly to rehire.

**Spotlight on women leaders should not just be shone in times of crisis.** There is a problematic narrative in which women leaders should be called upon when there is a 'big mess'. However, discussions on female leadership cannot be one-dimensional and we must recognise women leaders as complex characters.

To weather through the perfect storm, certain leadership qualities are crucial.

**Leaders need to enable diversity, equity and inclusion.** With diversity, fewer blind spots go unnoticed, better decisions are made and innovation becomes a low-hanging fruit. Furthermore, leaders must recognize and embrace an increasingly diverse future.

**Leaders must focus on their strengths, harness talent and be able to manage other competent leaders.** With a myriad of varying issues and unpredictable events, it is impossible for leaders to handle all alone. Instead, leaders must deliver results by understanding their strong areas and empowering others.

**A better balance between the 'invisible hand' and 'invisible heart'.** Apart from the invisible hand, we must ensure that policies look at values, beyond market outcomes. We need to act as a world and take the opportunity to shape the future trajectory through holistic thinking.

**DEVELOPMENT AND ITS COMPLEXITIES**  
STEERING OUR WAY THROUGH A PERFECT STORM

## CORE SESSION 4: PEOPLE & LEADERSHIP

O CAPTAIN MY CAPTAIN - THE TRIALS & TRIBULATIONS OF LEADERSHIP IN STEERING THROUGH A PERFECT STORM

**ADJUSTMENTS MADE DURING the PANDEMIC:**

**BEING A LEADER**  
A LEADER'S TASK SHOULD BE to...  
**BRING MEANINGFUL OUTCOMES**

**BE CLEAR:**

- WHAT ISSUES ARE WE FACING?
- DEFINE SUCCESS
- DEVELOP STRATEGY
- FOCUS ON EXECUTION

**FEMINIST ECONOMICS**  
**IT'S ABOUT MISSION.**  
ATTACH YOURSELF to A LARGER MISSION!

**BE QUIET & LISTEN to PEOPLE**  
**IT'S ALL ABOUT GROWING**

**HAVE A BROAD PURPOSE**  
**BE ABLE to INSPIRE PEOPLE**

**ACCOMMODATE FLEXIBILITY**  
**CREATE AN UNDERSTANDING ENVIRONMENT**

**MANAGE ATTRITION**  
**RECRUIT WELL**

**WOMEN IN LEADERSHIP:**

- ALWAYS CHOSEN IN TIMES of CRISIS
- WOMEN CAN DO MORE THAN FIX THINGS!

**ALLOW WOMEN to BE COMPLEX CHARACTERS**

**COMMUNITY & COVID:**

**PEOPLE CAME to HELP!**

**DELIVERED FOOD**  
**CRIME RATES DROPPED!**

**HELPED COOK NUTRITIOUS MEALS for FAMILIES IN NEED**

**(KITA JAGA KITA)**

**INCLUSION & DIVERSITY:**

**INCLUSIVE LEADERSHIP:**

**CIMB: CROSS-POLLINATION of ASEAN TALENT**

**INNOVATION IS ONE of THE LOWEST HANGING FRUITS!**

**CELEBRATE the DIFFERENT CULTURE GROUPS IN YOUR COMPANY**

**NEW IDEAS HAPPEN WHEN DIFFERENT PERSPECTIVES MEET**  
**RESPECT EVERYONE!**

**LEADERSHIP to WEATHER the STORM:**

**BE UNDERSTANDING**  
**BALANCE the INVISIBLE HAND & HEART**

**SEE the BIGGER PICTURE**  
**WHAT'S AT STAKE?**  
**WHAT PART DO WE PLAY?**

**WE NEED to ACT AS A WORLD**  
**WE'RE IN THIS TOGETHER!**

**BE PASSIONATE WITH YOUR WORK. IF NOT, FIND SOMETHING THAT INSPIRES YOU!**



# CLOSING ADDRESS

by YB Senator Tengku Datuk Seri Utama Zafrul Tengku Abdul Aziz

## The perfect storm is hitting the economy from all directions

**The current state of the global economy is concerning.** Inflation is increasing and the global economy is experiencing tightening monetary and fiscal policy in response to rising commodity and food prices.

**Prolonged geopolitical tensions,** including the Russia-Ukraine war and the South China Sea and Taiwan disputes, are leading to constant supply chain disruptions.

**The gap for equitable distribution of wealth has widened** throughout the pandemic – the impact on social polarisation stemmed from the Covid-19 pandemic is not over.

## Malaysia is still resilient and competitive

**Malaysia's current standing is in a better footing at present.** GDP growth has increased for 3 consecutive quarters, with an anticipation to meet and even exceed the official 2022 GDP projection.

The Government and Ministry of Finance strive to be responsive to the short term needs of people and business, while being responsible in building resilience.

**Reformist policies are continuously being crafted to address structural issues.** This includes expanding social safety net frameworks; reforming investment policies through the development of the National Investment Aspirations; and strategically positioning the country to maintain a growth trajectory despite ongoing supply chain reorganisation.



## Think outside the box to weather the perfect storm

We need to strengthen the ASEAN network to build resilience against rising global geopolitical tensions. Such a network will result in a strong ASEAN-wide supply chain which ensures the public's food and energy security.

To prevent the economic pains of a weakening currency, nations of the world should create a viable International Monetary Cooperation Mechanism. Today's currency system neglects the unique needs of smaller economies. All nations should cultivate a sense of responsibility and justice towards global economic growth.

Malaysia remains committed to aligning economic development with the global ESG trend. Aside from reforms in financing, decarbonization market reforms such as the implementation of a carbon pricing mechanism and a climate change bill should be in the pipeline

**CLOSING ADDRESS**

**DEVELOPMENT AND ITS COMPLEXITIES**  
STEERING OUR WAY THROUGH A PERFECT STORM

**BUDGET 2023 WILL BE**  
FORWARD-LOOKING & INCLUSIVE  
ENTIRELY PRO-RAKYAT  
ACCELERATE RECOVERY & EMERGE STRONGER  
CONTINUING THE **3R** APPROACH  
RECOVERY, RESILIENCE, REFORM

**WE HEAR YOU, MORE MUST BE DONE**  
REINFORCING THE MOMENTUM OF OUR CURRENT ECONOMIC RECOVERY

**WE ARE POSITIONED TO TAKE ADVANTAGE OF THE GLOBAL SUPPLY CHAIN RESHUFFLE**

**THE NEXT FEW YEARS will be CHALLENGING, BUT NOT WITHOUT BRIGHT SPOTS!**  
THE WORLD NEEDS TO RE-EXAMINE THE GLOBAL DEPENDENCY ON USD...

**HOW MALAYSIA WILL CONQUER THE PERFECT STORM**

1. INSULATE FOOD & ENERGY SECURITY
2. STRENGTHEN THE RINGGIT AGAINST GLOBAL CURRENCIES
3. ADDRESSING CLIMATE CHANGE EQUITABLY

**MALAYSIA DID WELL WEATHERING THE LAST FEW YEARS!**  
GROWING GDP  
HIGH EMPLOYMENT

**OUR ANCESTORS WERE SEAFARING PEOPLE. TO NAVIGATE THIS STORM WE NEED THEIR:**  
COURAGE  
OPEN-MINDEDNESS  
WILLINGNESS TO EMBRACE NEW THINGS

**YB SENATOR TENGKU DATUK SERI UTAMA ZAFRUL TENGKU ABDUL AZIZ**  
MINISTER OF FINANCE MALAYSIA & BOARD MEMBER, KHAZANAH NASIONAL BERHAD