

UNDER THE MACROSCOPE



National Day Edition

PM Lee issues National Day Message

**Nearly 4,000 individuals to receive
National Day honours this year**

PM Lee's National Day Message: Singaporeans 'will hold together and succeed' despite threats to national unity

SINGAPORE - Singapore's national unity is under threat from global forces but Prime Minister Lee Hsien Loong is confident that Singaporeans will "hold together and succeed".

In a solemn yet hopeful National Day Message on TV on Monday (Aug 8), he underlined how Singapore's harmony was hard-won, set out three new challenges it faces and ways it can resist the forces and be different.



"Half a century ago, when we embarked on our nation-building journey, we could not yet call ourselves 'one people'."

But despite the odds against going it alone, Singapore made it, he said.

Perhaps to underscore the point, Mr Lee delivered his message from the new Safran clubhouse in Punggol, Singapore's newest HDB estate, that provides a visual emphasis of the tremendous progress made.

Citizens now enjoy homes of their own, growing incomes, good education and - most importantly - racial and religious harmony, he said.

"Never forget how rare and precious this harmony is, how much courage and toil went into creating it, and how much effort it takes to sustain this miracle.

"What we have here is remarkable, especially considering the state of the world today," he added as he outlined three challenges ahead.

First is extremist terrorism, which could tear Singapore apart, he said, noting recent attacks in Europe, the United States and as close as Malaysia, by terrorists inspired by terror group Islamic State in Iraq and Syria.

Singapore is being targeted too, he added, and asked if Singaporeans can stand together if a terrorist attack occurs.

Second is globalisation and technological change. The phenomena require industries to innovate or die and worry workers who have to face competition not just from abroad, but from computers and robots too.

Can Singaporeans continue to progress together, and share widely the fruits of growth, he wondered.

Third is societal changes that are putting pressure on Singapore's political system, which "has thus far delivered good government, stability and progress".

His question: How to ensure Singapore continues to have clean and constructive politics, and avoid populism or political gridlock.

Other countries facing similar challenges have run into trouble, with politics turning divisive and angry, noted Mr Lee.

Extreme parties have gained support "by expressing voters' anger at their leaders, and frustration with the way things are", he said, citing the Brexit referendum in June when Britons voted to leave the European Union.

Despite the upheavals in these countries with more resources and longer histories, Mr Lee is confident Singapore can be different.

"First, with terrorism, we acknowledge the threat honestly," he said.

Muslim Singaporeans are unafraid to take a stand against terrorism, and non-Muslim citizens distinguish between "peaceful Muslim fellow citizens and jihadist terrorists".

Second, the Government invests in Singaporeans from preschool to SkillsFuture, supports companies' efforts to compete, and strengthens social safety nets.

"Finally, to ensure good government, we are keeping our politics constructive and updating our political system," he said, pointing to a move towards smaller GRCs and single-seat constituencies, as well as making the elected Presidency "a more effective unifying institution and a stabiliser".

Still, the most fundamental factor in keeping Singapore exceptional is people's shared resolve to stay united and tackle challenges together, he said.

He pointed to reasons for his optimism. Last year's Jubilee celebration, he said, strengthened a sense of identity. The Government, unions and companies are working together to uplift workers and the economy, and Singaporeans are doing their part to care for each other.

Unity, concluded Mr Lee, is "more than a warm, fuzzy feeling".

"It's the iron resolve to hold together, despite the challenges, despite the sacrifices we have to make."

He urged people to reflect on what this unity means this National Day. "Let us renew our commitment to Singapore and to one another."

Nearly 4,000 individuals to receive National Day honours this year

SINGAPORE: A total of 3,959 people will receive National Day honours on Tuesday (Aug 9).

The recipients come from a variety of backgrounds - civil servants, non-Singaporeans, and those from the military and police. The awards are given in recognition of their significant contributions to the nation.

Heading the honours list this year is Mr Peter Ho, chairman of the Urban Redevelopment Authority of Singapore (URA), who will receive the Distinguished Service Order. Mr Ho was also the former head of the Civil Service.

On receiving the honour, Mr Ho said in an email response to Channel NewsAsia: "I feel lucky that I had a long career – 34 years – that allowed me at every stage, to make contributions.

"Each time I was put in a position to make a decision, I always felt that the main judgement was whether the decision would make things better for Singapore and for Singaporeans." Mr Ho added that this guided him over the years in different levels and in different roles – in defence, foreign affairs, national security, and more recently, urban planning and development.

He noted that from Singapore's independence in 1965 till now, changes in the country have gone much deeper than a physical transformation of the landscape. "To me, that Singapore has achieved a strong sense of nationhood, with people from diverse races, religions and cultures bonding together, is an even more remarkable achievement.

"Although Singapore is not perfect, the package as a whole is peerless, and that is why I consider myself lucky to call it home."

Going forward, his contributions will be in encouraging the creativity and energy of officials, he said, and to help them understand and identify some of the future opportunities as well as challenges that Singapore will face. These include an ageing population, an evolving economic

structure and the impact of climate change and emerging technologies.

"These are challenges that cannot be overcome in the short term, and for which there are no straightforward solutions. They require a whole-of-Government approach, even a whole-of-nation approach, everyone coming together to discover a way forward that gives us the best chance of sustaining Singapore's success," Mr Ho said.

Another recipient is Mr Lim Tze Peng, 95, who will be conferred the Meritorious Service Medal. As one of the nation's most prolific artists, Mr Lim is known for his Chinese ink calligraphy, as well as paintings that capture scenes of the past at Singapore River and in Chinatown.

A self-taught artist, Mr Lim said: "I definitely feel very happy and surprised. Because to receive such an award, even at such an old age, is really a surprise."

Speaking to Channel NewsAsia in the room of his Telok Kurau house where he used to paint, Mr Lim said he started painting early, at the age of 11, as he was interested in it and it gave him a sense of satisfaction.

"I usually paint all sorts of things," said Mr Lim. "Initially, I started with painting buildings. Later, I started painting kampongs. And even later, I started painting all sorts of street scenes. I feel that because I was born here, I should paint things that I'm familiar with."

At 95 years of age, Mr Lim no longer paints. His son said it is because he has become frail over the past year, and cannot control his brush strokes anymore.

But in his heyday from the 1970s onwards, Mr Lim had his work showcased in exhibitions both in Singapore and abroad. His contributions to the nation's art and culture earned him the Cultural Medallion in 2003.

Mr Lim made waves again in 2012, when his painting, Singapore River Scene, sold at a Christie's auction in Hong Kong for HK\$620,000, making him the first local artist to breach the S\$100,000 mark.

His advice for budding artists: Stick to your roots. "The art scene has definitely changed a lot. I hope that the younger generation of artists will be mindful of tradition and be down-to-earth when painting," said Mr Lim in Mandarin. "They should paint things that they are familiar with, and know their roots before painting. Because honestly, when an artist leaves his roots, it's as good as not having any foundation at all."

Many of Mr Lim's paintings are donated to places like the Lim Tze Peng Art Gallery at his alma mater, Chung Cheng High School, with a goal: To inspire the younger generation.

"It's not easy to be a successful artist," Mr Lim said. "It takes lots of effort and time to hone your skills. Practise hard and create art."



Russell Square attack suspect Zakaria Bulhan appears in court

The teenager who allegedly killed a US tourist and injured five others in a random knife attack in Russell Square will appear at the Old Bailey on Tuesday after being remanded in custody following a brief appearance at Westminster magistrates court.

Zakaria Bulhan, 19, has been charged with murdering the 64-year-old woman and attempting to murder five other people in the central London assault on Wednesday night.

Bulhan, who wore a plain grey tracksuit, was asked to confirm his name, address and date of birth but kept one hand over his mouth, making his responses almost inaudible to the court.

The court heard that he declined representation at the hearing, shaking his head when asked if he wanted to see the duty solicitor.

The suspect held his head in his hands as the six charges were confirmed. He is accused of murdering US citizen Darlene Horton, who was due to fly back to America a day later, and the attempted murder of two other women and three men.

They were named as Lillie Selletin, Yovel Lewronski, Martin Hoenisch, David Imber and Bernard Hepplewhite.

One of the male victims, who suffered a stab wound to his stomach, remains in hospital in a serious but stable condition. The other four were all discharged on Thursday after being treated for their injuries.

He is also charged with the attempted murder of Martin Hoenisch, Lillie Selletin, David Imber, Bernard Hepplewhite and Yovel Lewronski, who were all injured in the same attack.

Bulhan is a Norwegian national of Somali origin who moved to the UK in 2002 and lives in Wandsworth, south London, with his mother, brother and sister. He will appear at the Old Bailey on Tuesday.

Hoenisch is understood to be the American man injured in the attack. In the early hours of Friday morning, the Las Vegas resident posted on Facebook: "Thanks to everybody for reaching. Weird, Laurie [Kelly, his wife] and I thought we would take a stab at going to London and look what happened. Anyway thanks to everyone for reaching out, we're still very saddened about the woman who was killed. Very unreal experience."

Hepplewhite is thought to be the British man who remains in hospital in a serious but stable condition after being stabbed in the stomach in the attack. He is believed to be from Rochester in Kent and in his early sixties.

Imber is understood to be the Australian man hurt in the knife attack. According to his LinkedIn profile, Imber is parliamentary advocacy manager for Telstra, the Australian telecoms giant, based in Melbourne.

Is it not clear whether he knows the Australian woman who was stabbed in the back during the

incident. She is thought to be Selletin.

A spokesman for the Australian foreign office said: “The department of foreign affairs and trade has been providing consular assistance to three Australians caught up in a stabbing attack in Russell Square, London.

“A 40-year-old man and a 23-year-old woman both sustained non-life threatening injuries and have been discharged from hospital.

“Another Australian woman was at the scene of the attack, but was not injured. The Australians concerned have requested that their privacy be respected.”

Lewkowski, 18, who was visiting London from Tel Aviv, was stabbed in the upper arm. She said she did not know whether to call it “luck or fate” that she escaped death, adding that she had watched as Horton “perished in front of my eyes”. In a moving Facebook post, she wrote: “I’m not afraid, I want to keep going with the trip.

“The last few hours have taught me to appreciate every second. I don’t know whether to call it luck or fate, but no doubt it is some sort of miracle compared to the woman who stood right next to me and perished in front of my eyes: a matter of seconds, metres, breaths.”

Pakistan hospital bomb attack kills dozens in Quetta - BBC News

A suicide bomb attack has killed at least 70 people at a hospital in Quetta in south-west Pakistan, officials say.

About 120 others were injured in the blast, which happened at the entrance to the emergency department where the body of a prominent lawyer shot dead earlier on Monday was being brought.

The casualties included lawyers and journalists accompanying the body of Bilal Anwar Kasi.

A faction of the Pakistani Taliban has said it was behind the bombing.

Jamaat-ul-Ahrar said it had also carried out the earlier attack on Mr Kasi, who was president of the Balochistan Bar Association and had been shot while on his way from his home to the main court complex in Quetta.

Witnesses described scenes of chaos after the hospital blast, with "bodies everywhere" and survivors shouting for help through the smoke and dust.

Pakistani Prime Minister Nawaz Sharif and chief of army staff Gen Raheel Sharif have both gone to Quetta and will hold talks with security officials.

Gen Sharif met some of those wounded at the Quetta Civil Hospital.

Mr Sharif expressed his "deep grief and anguish", adding: "No-one will be allowed to disturb the peace of the province. The people, police and security forces in Balochistan have given sacrifices for the country."

The president of Pakistan's Supreme Court Bar Association, Syed Ali Zafa, denounced the assault as "an attack on justice". The Pakistan Bar Council has announced a nationwide strike by lawyers on Tuesday.

The Chief Minister of Balochistan, Sanaullah Zehri, said those injured should be given the best medical treatment and facilities available.

There have been a number of targeted killings in Quetta and the victims in recent weeks have included several lawyers.

Mr Kasi had strongly condemned the attacks and local media said he had



announced a two-day boycott of court sessions in protest at the killing of a colleague last week.

Those killed in the hospital attack were said to include Baz Muhammad Kakar, a predecessor of Mr Kasi as provincial bar president, and 17 other lawyers.

Two journalists have also been identified among the dead - Shahzad Khan, a cameraman for Aaj TV, and Mehmood Khan, a cameraman for DawnNews.

Lawyers in Lahore staged a demonstration to condemn the attack. Some journalists also protested, demanding protection for freedom of expression.

Facebook has activated its safety check feature for Quetta, allowing users to mark themselves or others as being safe.

Japanese Emperor Akihito Indicates He Is Ready to Abdicate

TOKYO—Japanese Emperor Akihito signaled a desire to abdicate because of age and ill health, potentially ushering in the most significant change to the imperial system in the postwar era.

“When the emperor has ill health and his condition becomes serious, I am concerned that, as we have seen in the past, society comes to a standstill and people’s lives are impacted in various ways,” the 82-year-old emperor said in a 10-minute video message broadcast Monday.

Prime Minister Shinzo Abe said he took the emperor’s words seriously. The government is expected to open discussions on changing the law governing the imperial household, which doesn’t have any provision for abdication.

“Considering his majesty’s age and the burdens of official duties, we need to give thought to his majesty’s worries and contemplate what we can do,” Mr. Abe said.

The emperor’s remarks amounted to a valedictory address, summing up his nearly 28-year reign and describing the imperial role that he hopes to pass on soon to his elder son, Crown Prince Naruhito, who is 56.

It was only the second time the emperor has released such a video message. The first was to offer condolences after the March 11, 2011, earthquake and tsunami that devastated northeastern Japan.

He described a life of constant motion, traveling to “remote places and islands” across the archipelago and striving to “stand by the people, listen to their voices and be close to them in their thoughts.”

It was a job he said he no longer felt confident about doing “when I consider that my fitness level is gradually declining.”

In 2003, he was treated for prostate cancer. In 2012, he had heart surgery.

“I am worried that it may become difficult for me to carry out my duties as the symbol of the state with my whole being as I have done until now,” he said.

Emperor Akihito didn’t directly use the word “abdication.” But he left little doubt that was what he wanted, saying that alternatives such as having a regent perform his duties were unsatisfactory.

In recent years, the monarchs of the Netherlands and Belgium have passed the throne to the next generation, while Pope Benedict XVI became the first pontiff in six centuries to step down.

Polls in Japan show the public is overwhelmingly in favor of allowing abdication. But some cautioned that change in Japan wouldn’t happen quickly.

Yohei Mori, an associate professor at Seijo University who has studied the imperial family, said the process of revising the law could open a Pandora’s box by raising other questions about the imperial household.

Some people want to lift the ban on women inheriting the throne, while conservatives have discussed a possible constitutional change that would declare the emperor head of state instead of “symbol of the state,” as the current constitution has it.

Mr. Mori said those who retain some of the prewar image of the emperor, when he was viewed as a god, might take issue with Emperor Akihito’s depiction of a profession with duties. “That doesn’t fit with conservatives’ thought,” he said. “For them, the emperor is 24 hours, no holidays, no private life.”

Emperor Akihito was careful not to advocate any specific change to the law, noting that he has no political power under the 1947 constitution, which was drafted by Allied occupation forces.

Still, he laid out many of the arguments that advocates of change might employ. Among other things, he said it would place a “heavy strain” on the imperial household to mourn one emperor and install another at the same time, as the current system requires.

Keio University professor Hidehiko Kasahara, who has written books about the imperial family, said the emperor's rare address was likely prompted by reports in July by the public broadcaster NHK, followed by other media, that he wished to abdicate.

"The emperor saw [the reports] growing and felt many people were worried, so it was decided that he should communicate his feelings. It was very much like him to care more about the people than himself," Mr. Kasahara said.

The last time an emperor abdicated was in 1817. The imperial system hasn't changed much in the postwar era. Certain aspects are spelled out in the constitution, while others, such as succession procedures, are legislated.

After the crown prince, next in line to the throne would be Prince Akishino, 50.

Seijo University's Mr. Mori said Prince Naruhito was "earnest" toward his duties, like his father. One difference, however, could be the empress's role. accompanied him on his most important visits battles of World War II

Emperor Akihito's wife, 81-year-old Empress Michiko, has accompanied him on his most important visits, such as those to console victims of natural disasters and to remember the battles of World War II.

Prince Naruhito's wife, Princess Masako, appears much less frequently in public because of what the palace has called a stress-related illness. She has drawn some criticism for her absences, and Mr. Mori said the issue could linger if the crown prince assumes the throne.

Fresh Chinese financial cracks beginning to show

Are global markets headed for a fresh period of turbulence as growing financial cracks expose the underlying fragility of the latest Chinese stimulus-fuelled growth rebound?

That's the concern as investors worry about the first default in the Chinese offshore bond market, where yuan-denominated bonds (known as dim sum bonds) are traded in Hong Kong.

Investors were caught by surprise by the sudden privatisation of Chinese infrastructure builder China City Construction Holding Group. The company announced in May that Beijing's stake had dropped from 100 per cent to 1 per cent.

China City said it was now 99 per cent controlled by Huinong Fund – an investment company dominated by large state-controlled Chinese banks and asset managers.

But this shift in control meant that investors who had bought 2.5 billion yuan (\$500 billion) of dim sum bonds issued by China City's Hong Kong-listed subsidiary were entitled to get their money repaid early. However, after initially signalling that it would redeem the bonds, the subsidiary then defaulted on the payment.

The China City default comes as investors are becoming increasingly anxious about the ability of Chinese companies to service their massive debt burdens, and at a time when many are expecting the latest burst of Chinese growth to run out of steam.

The strains have already forced Shanxi province – China's biggest coal producing region – to offer support for seven of the region's largest coal miners by extending the repayment dates for up to 400 billion yuan of their debt.

Shrinking cash flows

The large Shanxi province-owned coal mining companies have had their cash flows shrink in line with slumping coal prices, and this has made it difficult for them to find bank finance, forcing some to resort to higher interest loans from the shadow banking sector.

But the official Xinhua news agency reported on the weekend that the Shanxi branch of China's banking regulator had directed Shanxi banks to convert short-term liquidity loans into medium and long-term ones.

So far, most investors have overlooked these growing signs of Chinese financial strains, preferring to believe that Beijing has the situation under control, particularly after the Chinese economy recorded a better than expected growth rate of 6.7 per cent in the second quarter.

This contrasts with the situation earlier this year, when financial markets were roiled by worries that Chinese growth was braking sharply. Beijing responded by increasing government spending, cutting interest rates and opening the credit taps.

But analysts warn that although this response provided a temporary stimulus, Beijing risks worsening the over-capacity problems, as the bulk of the lending has flowed to inefficient and bloated state owned companies, rather than to private sector firms.

At a meeting last month, chaired by China's President Xi Jinping, China's powerful Communist Party Politburo pledged to step up efforts to reduce financial risks, and "to impede the growth of asset bubbles".

Tighter regulations

In the past few months, Beijing has been tightening the rules covering its loosely-regulated funds management industry, revoking the licences of thousands of firms.

It is also preparing to tackle the rising risks in the country's huge and lightly-regulated "shadow banking" sector, by tightening the rules on the amount of "wealth management products" that banks can issue.

Chinese banks have enormous off-balance sheet exposures to such products, which they have sold to customers hunting for higher yields. The banks then channel the money to less-creditworthy customers, such as property developers and companies in over-capacity industries. Analysts estimate that Chinese banks issued more than 7 trillion yuan of wealth

management products last year.

But the risk is that any crackdown on credit could choke funding for Chinese companies, and trigger a fresh round of problems in the property market.

In its statement on monetary policy, published on Friday, the Reserve Bank of Australia says the recovery in Chinese property prices has helped boost activity in the housing sector and allowed Chinese property developers to reduce unsold inventories.

All the same, it notes that there are financial risks associated with this pick-up. The statement notes that housing credit has jumped by more than 30 per cent over the year to June 2016. "Housing credit has also increased sharply relative to the value of property sales, suggesting that buyers are using more leverage to purchase property."

In addition, the RBA warns there is a major risk if the property market starts to slow. "Given the large stock of unsold properties nationally, any slowing in demand from current levels would pose potential risks for property developers and upstream suppliers of raw materials to residential construction."



Under the Macroscopic is a weekly summary of what's happening around the world and what's worth pondering. Stay on top of international and local news with this bulletin produced by the Raffles Economics and Current Affairs Society.

CONTACT US

underthemacroscopic@gmail.com