

UNDER THE MACROSCOPE



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**White House walks back assertion
military won't target US citizens**

**India admits rupee withdrawal bad
for economy**

Trump claims media 'dishonest' over crowd photos



Trump's inauguration (left) and Obama's in 2009, viewed from the Washington Monument

President Donald Trump has accused the media of dishonesty over the number of people attending his inauguration.

Mr Trump was speaking after photographs were published appearing to show more people attended the inauguration of his predecessor Barack Obama in 2009.

Mr Trump's press secretary said it had been "the largest audience to ever see an inauguration" even though figures he cited add up to under 750,000 people.

He said the new US administration would hold the media accountable.

On Saturday, millions in the US and around the world took part in protests to highlight women's rights, which activists believe to be under threat from the new administration.

In response, President Trump tweeted on Sunday: "Watched protests yesterday but was under the impression that we just had an election!

"Why didn't these people vote? Celebs hurt cause badly."

The largest US rally was in the capital, Washington DC, which city officials estimated to be more than 500,000-strong, followed by New York with some 400,000 and hundreds of thousands elsewhere, including Chicago and Los Angeles.

Inauguration: What are the figures?

For decades, the US National Park Service provided official crowd estimates for gatherings on the National Mall.

But the agency stopped providing counts after organisers of the Million Man March protest about rights for black people in 1995 threatened a lawsuit.

Mr Trump said "it looked like a million and a half people" there on Friday - with the crowd extending all the way back to the Washington Monument.

He provided no evidence and photos show that the crowd did not reach the monument.

Media caption Sean Spicer, White House press secretary said "no-one had numbers" for the inauguration

To support the argument, his press secretary Sean Spicer outlined figures amounting to 720,000 people in the Mall, despite having asserted seconds before that "no one had numbers" for the inauguration.

He also said that the number of people taking Washington's subway system on the day had been higher than during Mr Obama's second inauguration in 2013.

In fact, there were 782,000 tickets that year, but 571,000 this year, the Washington-area transit authority says.

Mr Spicer also said that plastic sheets had been used for the first time to cover the grass which "had the effect of highlighting areas people were not standing whereas in years past the grass eliminated this visual". In fact, the grass was also covered in 2013.

He added that fences and metal detectors had had an impact on attendance, but this had also been denied by officials as being a factor.

District of Columbia officials had made preparations for an estimated 700,000 to 900,000 people.

What are US media saying?

The new president repeated his low opinion of the media dubbing reporters "among the most dishonest human beings on earth". Mr Spicer vowed "to hold the press accountable".

In their reaction, major US media outlets flatly denied the claims made by the US president and his spokesman.

The New York Times, singled out by Mr Spicer, denounced "false claims" and described the statements as a "striking display of invective and grievance at the dawn of a presidency".

CNN said it did not even broadcast the spokesman's statement live. It said the press secretary had attacked the media "for accurately reporting" and went on to debunk the claims.

ABC News also goes into detail to refute the claims.

Pro-Trump Fox News reported the claims unchallenged, and highlighted Mr Spicer's condemnation of a Time Magazine reporter who incorrectly reported that a bust of civil rights hero Martin Luther King Jr. had been removed from the Oval Office. The reporter later apologised for the error.

BuzzFeed News accuses Mr Spicer of lying and goes on to provide Twitter memes generated from his remarks.

A worrying debut: Analysis by David Willis, BBC News, Washington

In his first ever White House briefing, Sean Spicer rounded on reporters in a manner few here can remember.

Echoing President Trump's charge of dishonesty, Mr Spicer issued a thinly-veiled warning to reporters covering the Trump presidency, saying the new administration intended to "hold the press accountable".

Precisely what he means by that is unclear, but the statement has left many veterans of the White House press pool deeply concerned.

Ultimately, of course, it begs the broader question - what will prove most unpalatable to this new administration: the messenger or the message?

What are inauguration figures for past US presidents?

Officials from the District of Columbia have said that 1.8m people attended Mr Obama's 2009 inauguration and close to 1m showed up for his second in 2013.

George W Bush drew some 400,000 in 2005, 300,000 in 2001; Bill Clinton had 800,000 in 1993 then 250,000 in 1997.

Some 140,000 tickets were sold for Ronald Reagan's inauguration in 1985, but extreme cold forced officials to move the ceremony indoors, says Politifact.

It says the biggest crowd the National Park Service counted was for Lyndon Johnson's 1965 swearing-in that drew 1.2m.

Trump backs Keystone XL and Dakota Access pipelines



US President Donald Trump has infuriated environmentalists by signing executive orders that support two controversial oil pipelines.

The new Republican president backed the Keystone XL and Dakota Access projects, provided American steel is used.

The Obama administration in late 2015 halted Keystone, which would carry crude from Canada to Texas.

The Army decided last year to explore other routes for the Dakota pipeline amid huge protests by Native Americans.

In the White House on Tuesday morning, Mr Trump said both projects would be subject to renegotiated terms and conditions.

As he signed the Keystone XL measure the president said it would create a "lot of jobs, 28,000 jobs, great construction jobs".



More than just a pipeline - Analysis by Anthony Zurcher, Washington DC

Over the course of the Obama presidency, the Keystone XL Pipeline became more than just another energy industry construction project. It grew into a high-profile proxy fight between environmentalists and oil-and-gas advocates; liberals and conservatives; pro-regulation activists and small-government true believers.

On the campaign trail Donald Trump often cited the Obama administration's reluctance to green-light the project as prima facie evidence of the Democratic Party's anti-business attitudes. Now, with the swipe of a pen, he's set to make it much easier for the project to be completed - assuming the involved company still wants it.

Perhaps of more immediate concern is Mr Trump's move to fast-track approval of the Dakota Access Pipeline, which was the focus of vigorous protests from Native American tribes in 2016. Unlike Keystone, that project has not been held in limbo for years.

Mr Trump's actions do not mean the end of the fight over US pipeline construction, however. Opponents will continue to argue that they jeopardise sensitive environmental areas and

violate private property rights. Now, however, instead of appealing to a potentially friendly Democratic administration, they will take the battle to the courts.

Campaigners have said the project will leave only a handful of long-term positions after it is built.

Signing another order calling for US steel to be used, Mr Trump said: "From now on we're going to start making pipelines in the United States... like we used to do in the old days."

Environmental groups reacted with outrage.

Greenpeace director Annie Leonard said that "instead of pushing bogus claims about the potential of pipelines to create jobs, Trump should focus his efforts on the clean energy sector where America's future lives".

Sierra Club director Michael Brune said: "Donald Trump has been in office for four days and he's already proving to be the dangerous threat to our climate we feared he would be."

But oil industry groups applauded the move.

And the second-ranking Republican in the Senate, John Cornyn of Texas, said: "Today's news is a breath of fresh air, and proof that President Trump won't let radical special-interest groups stand in the way of doing what's best for American workers."

The Standing Rock Sioux Tribe, whose land abuts the proposed route of the Dakota Access pipeline, called Mr Trump's decision a violation of "law and tribal treaties", and vowed to take legal action.

"Americans know this pipeline was unfairly rerouted towards our nation and without our consent," Tribal Chairman Dave Archambault II said in a statement.

President Trump, who took office on Friday, promised during his White House campaign to support Keystone XL and fossil fuels, including the flagging US coal industry.

Media captionThe BBC's James Cook visits the Standing Rock camps

But during a Tuesday morning meeting with automobile executives at the White House, Mr Trump described himself as an environmentalist.

On Monday, he made similar comments to other business leaders, saying: "I'm a very big person when it comes to the environment. I have received awards on the environment."

Canada lobbied hard for years for the approval of the Keystone XL pipeline under former Prime Minister Stephen Harper, who once said that authorising the new oil sands pipeline was a "complete no-brainer".

Media captionCan Trump accomplish what he wants?

His successor, Prime Minister Justin Trudeau, also supports the project and has said he intends to work with President Trump to approve the pipeline, proposed by Calgary-based energy infrastructure giant TransCanada.

On Tuesday, Canada's natural resources minister praised Mr Trump's step.

TransCanada has said it will resubmit its proposal for a construction permit.

Trump puts Iran 'on notice' for firing ballistic missile

WASHINGTON - President Donald Trump on Thursday said Iran was now formally "on notice" after a recent missile test, while also claiming the Islamic Republic was on the brink of collapse when it signed an international nuclear deal.

"Iran has been formally PUT ON NOTICE for firing a ballistic missile. Should have been thankful for the terrible deal the US made with them!" Trump tweeted, echoing similar comments by National Security Advisor Michael Flynn the day before.

But there has been scant detail from the White House as to what the warning actually means in practical terms. It remains to be seen if the White House will push for sanctions this time around.

Flynn insisted that Sunday's missile test was "in defiance of UN Security Council Resolution 2231," which calls on Iran not to test missiles capable of delivering nuclear weapon.

Iran's ballistic missile programme has been a bone of contention with the West since the nuclear deal took effect in January last year.

A previous, while controversial, test was not found to be in breach of the UN guidelines.

A senior Trump administration official said that it was clear the missile was capable of carrying a nuclear payload, while a second official said it was not considered a breach of the nuclear deal.

Both Trump and Flynn have been harsh critics of Tehran and vocal opponents of the nuclear deal with world powers that saw Iran curb its nuclear programme in return for sanctions relief.

"Iran was on its last legs and ready to collapse until the US came along and gave it a life-line in the form of the Iran Deal: \$150 billion," Trump said in a second pre-dawn tweet.

He was referring to an estimate of the value of sanctions relief that Iran obtained from the White House - then under president Barack Obama - in exchange for signing the deal.

US defence chief Mattis says South Korea alliance is 'strong'



Mr Mattis (left) told South Korea's acting President Hwang Kyo-ahn the partnership was strong

US Defence Secretary James Mattis has reassured the leader of South Korea that the alliance between the two nations remains strong.

Mr Mattis said the relationship would only be strengthened in the face of threats from North Korea.

It comes after President Donald Trump accused South Korea and Japan of not paying enough for US military support.

The visit to Seoul is the first foreign trip by a senior official in the Trump administration.

Mr Mattis took the opportunity to commit to the continuation of US support through previously agreed security deals.

During his campaign last year, Mr Trump threatened to withdraw US forces from South Korea and Japan if they failed to increase their financial support to US military operations.

He also suggested that the two countries could be allowed to arm themselves with nuclear weapons, an idea that was rejected by both nations.

Mr Trump has also said that he is willing to talk to North Korean leader Kim Jong-un, contradicting longstanding US, South Korean and Japanese policy.



North Korea has been making seemingly rapid progress in its nuclear and missile programmes

After landing at the US military's Osan Air Base, south of Seoul, he went to US Forces Korea (USFK) headquarters in the capital, where he was briefed by Commander Vincent Brooks on the security situation in the Korean peninsula, said officials.

He will be in South Korea until Friday, and will hold talks with his Korean counterpart, Han Min-koo, among other officials.

The Pentagon said the visit would "underscore the commitment of the United States to our enduring alliances with Japan and the Republic of Korea, and further strengthen US-Japan-Republic of Korea security cooperation".

Mr Mattis told reporters he would discuss the planned deployment of a US missile defence system in South Korea, and North Korea's nuclear programme.



South Korean and US Marines recently held a joint winter exercise in Pyeongchang

Analysis: Stephen Evans, BBC News, Seoul

Secretary Mattis has indicated he will emphasise that US alliances in East Asia will remain strong. But what the Trump administration will do about the North Korean nuclear arsenal remains unclear.

There is a view in South Korea that Mr Obama's policy of "strategic patience" (squeeze Pyongyang and wait for it to buckle) has not worked, and that a deal may have to be done with Kim Jong-un.

Nobody thinks, though, that the North Korean leader is going to give up on his plans to have effective nuclear weapons.

Any deal would probably have to accept that it gets the bomb but then agrees to limit its development and that of missiles to fire them. Would Mr Trump buy that?



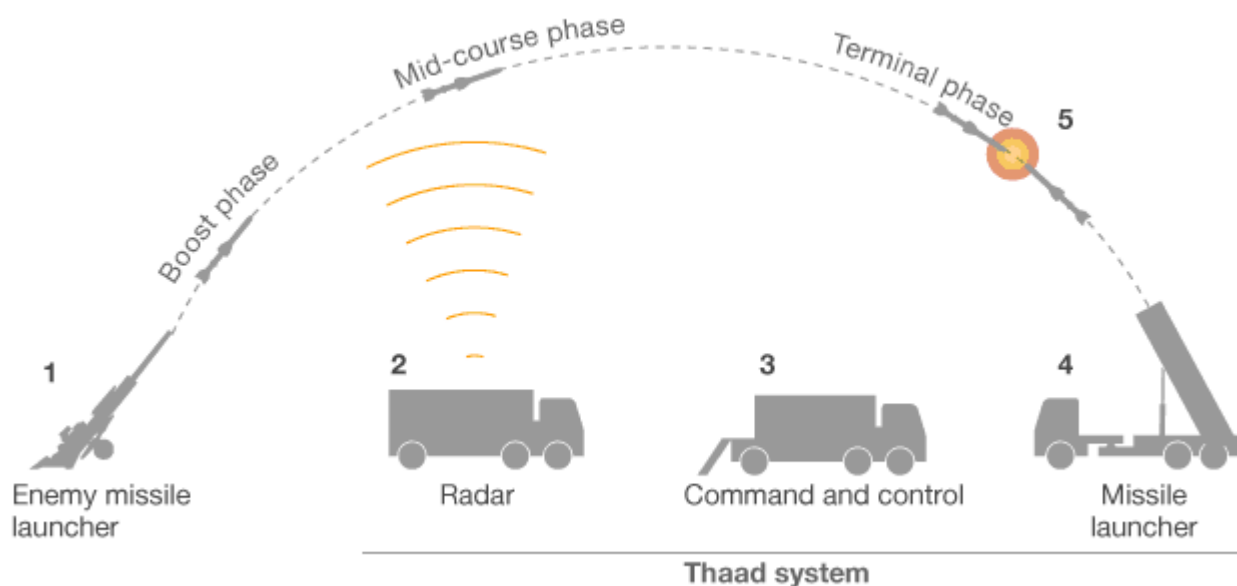
Mr Mattis flew in to Osan Air Base south of Seoul

The visit comes amid increasing threats from North Korea that it is ready to test-fire a new intercontinental ballistic missile at any time.

Under the Obama administration, the US and South Korea agreed to the deployment of a Terminal High Altitude Area Defense (THAAD) missile defence system to defend the South from North Korean missiles.

But the move has angered China, which says it threatens its own security and goes "far beyond the defence needs of the Korean peninsula".

How the Terminal High Altitude Area Defense System (Thaad) works



Source: Federation of American Scientists, US Department of Defense

There are just under 28,500 US military personnel based in South Korea, as part of a post-war arrangement. South Korea pays about \$900m (£710m) annually towards the deployment.

On Friday, Mr Mattis will travel to Japan, for talks with Defence Minister Tomomi Inada.

There are a further 50,000 soldiers plus their dependents and support staff in Japan. The US pays about \$5.5bn for its Japanese bases in 2016, with Japan paying a further \$4bn.

White House walks back assertion military won't target US citizens overseas



The White House on Tuesday walked back its assertion that the military will never target U.S. citizens in overseas operations.

White House press secretary Sean Spicer told reporters earlier in the day that “no American citizen will ever be targeted” when asked whether the Trump administration would deliberately go after U.S.-born people with ties to extremists.

The statement represented a break with policy set under the Obama administration.

But a White House official later clarified that “U.S. policy regarding the possible targeting of American citizens has not changed.”

The official cited former Attorney General Eric Holder’s legal justification for using lethal force against suspected terrorists with U.S. citizenship, saying the military could target them if the government believes they pose an “imminent” threat to the country.

The Obama administration used that controversial legal determination to kill U.S.-born alleged al Qaeda leader Anwar al-Awlaki in a 2011 drone strike in Yemen.

Spicer was peppered with questions about the policy in response to a weekend counterterrorism raid in Yemen that left al-Awlaki’s eight-year-old daughter dead, according to NBC News.

The spokesman refused to confirm the death, but said the raid resulted in the killings of 14 al Qaeda operatives and the capture of sensitive intelligence.

One Navy SEAL, Chief Petty Officer William “Ryan” Owens, was killed in the raid.

Spicer’s comment was surprising given Trump’s desire to take a more aggressive stance against overseas terrorist groups than former President Obama did.

During the 2016 campaign, Trump floated the possibility of using controversial tactics to ramp up the fight against extremist groups, included going after the family members of suspected terrorists.

“When you get these terrorists, you have to take out their families,” he told “Fox and Friends” in December 2015. “They care about their lives, don’t kid yourself.”

“The United States does not and will not deliberately target family members of terrorists,” the White House official said.

Putin dangles olive branch and wields sword in Europe policy

Russia woos Hungary while continuing to test the West

Russian President Vladimir Putin is expected in the Hungarian capital of Budapest today for his first overseas trip since the inauguration of Mr Donald Trump as United States president.

Mr Putin's visit will be keenly watched by European governments for any signs that the Russian leader may be prepared to tone down his anti-Western rhetoric, in pursuit of a more friendly relationship with the Trump White House and its European allies.

But for the moment, all indicators are in precisely the opposite direction: Far from proving more malleable, Mr Putin appears to have authorised Russian-supported rebels in Ukraine to intensify their fight against Ukrainian government forces, while Russian intelligence officers continue to be accused of hostile actions, such as hacking into European government computer servers.

President Putin's choice of Hungary for his first visit this year is not surprising, for Hungary has long been one of Russia's best friends in Europe. Hungarian Prime Minister Viktor Orban, a right-wing nationalist politician frequently at loggerheads with his European Union colleagues, has always opposed the sanctions which the EU, together with the US, imposed on Russia after its annexation of Crimea in 2014.

Since then, the Hungarian and Russian leaders have hosted each other for three bilateral meetings in as many years, a record no other European country holds. And during the preparations for President Putin's arrival in Budapest today, Hungarian Foreign Minister Peter Szijjarto publicly dismissed the EU economic measures against Russia as "ineffective and harmful".

The military clashes in Ukraine allow the Russian leader to test Western resolve, and particularly President Trump's response, at little risk to Russia itself. Meanwhile the trip to Hungary offers Mr Putin the chance to remind Europe and the US that it has a way out of the current confrontation. The olive branch and the sword are now both part of Russia's policy.

President Putin is dangling some juicy economic cooperation projects, including the expansion of a nuclear power plant which a Russian state-owned company has pledged to construct on very soft financial terms, and a contract to deliver Russian gas to Hungary on preferential rates.

The speculation among commentators is that, in return for such concessions, Mr Putin will expect Mr Orban to veto the renewal of the sanctions on Russia, when the topic comes up for discussion before the EU heads of government in June. The decision must be taken by a unanimity of member-states.

Hungary has toyed with imposing such a veto before, yet recoiled from making that choice for fear of isolation. But with Mr Trump pledging to lift America's own sanctions on Russia, Mr Orban may well be emboldened to do the same in Europe.

Mr Putin may also be tempted to use the Hungarians as an indirect channel of communication with Washington. Mr Orban is an enthusiastic Trump supporter; he predicted Mr Trump's electoral victory early last year, and feels vindicated that the man he regards as a friend and soulmate is now in charge of the White House.

While President Putin will be making friendly noises in Budapest today, tensions between Russia and other European countries are rising. Ukraine is witnessing a huge spike in bloody clashes; at least 10 Ukrainian soldiers and as many civilians were killed in skirmishes between Ukrainian government troops and Russian-backed separatists. There are indications that the fighting is intensifying, with reports of tank movements on both sides yesterday.

The bloodshed is unusual at this time of the year, with most of Ukraine frozen in the depths of winter. But there is no question that the rebels would not have launched an offensive against government forces unless they had the tacit backing of President Putin, who no longer even bothers to deny that Russian troops are on Ukraine's soil.

Meanwhile, other European states report no let-up in what they allege are Russian efforts to undermine their governments. A top European official told an audience in the European Parliament earlier this week that in its effort to destabilise the EU, Russian propaganda is focusing on discrediting German Chancellor Angela Merkel, Europe's most powerful advocate of continued sanctions against Russia.

And the Foreign Ministry of the Czech Republic announced on Tuesday that it has suffered a "highly sophisticated" cyber attack whose methods "very much resembled attacks against the Internet system of the Democratic Party in the US" - the reference to Russia is obvious.

Mr Putin's preferred strategy is to sound conciliatory while at the same time continue to act in a confrontational manner. The military clashes in Ukraine allow the Russian leader to test

Western resolve, and particularly President Trump's response, at little risk to Russia itself. Meanwhile, the trip to Hungary offers Mr Putin the chance to remind Europe and the US that it has a way out of the current confrontation. The olive branch and the sword are now both part of Russia's policy.

The need to secure position of minorities, common space

Minister for Home Affairs and Law K. Shanmugam yesterday spoke of how rising anti-Islamic sentiment and growing polarisation could affect Singapore at a round-table discussion on religion, conflict and peace-building organised by the S. Rajaratnam School of International Studies. This is the text of his speech.

I was not due to speak today but events around the world give cause for pause and reflection. I decided to share some thoughts with you and the public in Singapore, as there have been a lot of questions on the ground and in people's minds on what is going on.

It is now a cliché to say that 2016 was a year of shocks, surprises and unexpected turns. You have had Brexit, the Italy referendum and the United States election results. President Donald Trump himself thought he was the underdog. Most others thought so too, with some giving Mrs Clinton a 90 per cent chance of winning.

Post-US elections, there has been a scramble to predict the policies of the new administration and what it means for the world.

In the last seven to 10 days, we have had a preview of what might happen as a superpower, the world's largest economy, the country whose actions possibly have the greatest impact on the world, seeks to change course, and change course fast and sharply.



Singapore's approach to embracing diversity over the past 50 years has involved working towards a common space in interactions among a diverse ethnic and religious mix, says Mr Shanmugam, but this is not possible without the support of the community. ST PHOTO: JAMIE KOH

Within a week, the United States went out of the Trans-Pacific Partnership (TPP), imposed a ban on nationals from seven countries and made a promise of much more to come. It is going to be interesting when a superpower moves this fast for us, who are smaller, to avoid being caught in the slipstream.

In imposing the travel ban, President Trump validated the feelings of a significant section of his electorate. Those feelings are sweeping across the Western world.

Anti-Islam feelings are feeding the far right in France, the Netherlands and Germany, and gaining significant support. In the past, one could simply dismiss it, but I think we can no longer simply dismiss it. It is a groundswell fuelled by fear and a substantial element of racism. Many otherwise reasonable people are also supporting such movements.

ANTI-ISLAMIC RHETORIC GAINING GROUND

Anti-Islamic rhetoric is gaining ground. We, in Singapore, have to make sense of what is happening and understand these trends. If we are not careful, we can easily face a similar situation, with a population mix of 85 per cent non-Muslim and 15 per cent Muslim. The potential for sharp cleavages exists.

Why do we have this wave around the Western world? When I say Western world, I think one can, in this context, possibly exclude Australia and New Zealand.

Based on my own views, there are many causes for such sentiments. One of them is a reaction to a perception that minority communities and immigrants have been taking advantage of the existing systems, taking advantage of hard-working citizens. And that political correctness and weak leadership have been too accommodating.

I am not saying whether any of this is right or wrong. I am simply seeking to set out what I see and observe is happening, the social forces at work. It is, of course, only my interpretation. Others may well disagree. I see it as a reaction to the feelings and perceptions among host populations - that law and order has gone down, that welfare systems are being abused and that their rice bowls are being threatened; in fact, that their entire way of life, culture, conventions, are all being threatened. Politicians who advocate tolerance are seen as out of touch and weak - therefore a fascination with leaders who promise strength.

You see reactions everywhere. In Switzerland, recently, you would have heard news of a legal

challenge. A challenge on compulsory co-ed swimming classes for boys and girls. A Muslim couple did not want their two daughters, aged seven and nine, to attend the classes with boys. They challenged the school officials in court. The European Court of Human Rights ruled in favour of the school.

In France, you had the ban on "burkini" in beaches, banned by some French cities. Women in burkinis in beaches were fined, asked to leave or even asked to remove their burkinis.

So, leaders are now saying to immigrants: "Behave normally or go away." These sort of sentiments, "behave or go away", would have been seen as not quite in keeping with the European values of tolerance and acceptance. But, as I said earlier, leaders have had to adjust to populist and populists' sentiments.

There is a serious risk. If this is not addressed, this reaction to popular sentiments can go too far. If it goes too far, it is going to be very unhelpful and will legitimise Islamophobia. It is not good for the world. It strengthens extremists on both sides and helps them feed off each other. We have so far avoided getting into this vicious circle, but this is a risk that the world faces. The reaction is gaining ground in many countries - and might become mainstream. Basically, to say "if you don't like it, go", or "it's just too bad for you" or "this is what the majority wants".

What we are seeing is a set of policies on refugees, on treatment of minorities, on the interaction between Muslims and non-Muslims not quite succeeding for a whole host of reasons. And there is a backlash against these policies from the host populations.

You can say that one of the causes is a lack of integration between the communities. There are, of course, several reasons why this has happened. For us in Singapore, it is extremely important to understand why this has happened. We need to understand so that we don't repeat those mistakes. Time, however, does not allow me to go into them.

SINGAPORE'S APPROACH TO DIVERSITY

We have so far avoided the backlash of this nature against the Muslim community or the other minority communities.

It is useful to see what has worked for us and what we need to continue to do. I will touch on that.

Our approach over 50 years has been centred around three core principles. First, equality and equality of opportunities.

Second, accepting the facts within Singapore: We are different, we look different, let's accept that, and let's celebrate our diversity while building an overarching Singaporean identity.

And third, while there is considerable ethnic and religious diversity, let's also work actively to keep as large a common space as possible in our interactions.

Three principles. And there is no point just talking about them, you have to actually work at them. You see many government policies in the context of these three principles. Some of them were criticised but, with hindsight, we can see they make sense.

The Government's approach is activist. It is anything but laissez-faire. And I think one of the reasons you're seeing the reactions you're seeing in the West today is because of a laissez-faire approach to ethnic relations.

There are some examples you can see in Singapore. Under the ethnic integration policy - the Government intervenes on where people live and makes sure that no ethnic enclaves develop. People have to live together. No banlieues in Singapore.

In schools, there are standard uniforms for everyone. There is common identity in schools, with the majority of schools compulsorily racially mixed, offering compulsory education and so our young children have to interact with each other, learn to get on with each other, learn to respect and value each other.

Self-help groups have been subject to some criticism but the basic point is that we accept that there are Indians, Malays, Chinese, Eurasians and others. You get more Chinese volunteers coming forward to help the less well-off in the Chinese community. We have more Indian volunteers coming to help the less well-off in the Indian community. We have more Malay volunteers coming to help the less well-off in the Malay community. So let the Government come together with self-help groups, organised along racial lines.

There are laws - a tough framework of laws - touching on what you can and cannot say about race and religion.

In Singapore, you cannot burn the Quran or the Bible on the basis of the freedom of speech and if you did, you will be behind bars.

We have our share of religious leaders who make offensive remarks about other religions and ISD (Internal Security Department) will talk to them. We had a pastor on YouTube who said Buddhism is a superstitious religion and he went on to make other remarks... We talked to him,

he apologised and made no more such remarks. Everybody understands and everybody accepts this.

Another example: Some newly converted Christians felt that they needed to enlighten Muslims on the faults of the Prophet. They had received various tracts from the United States which set out all the things that the Prophet was supposed to have done wrong and they decided they would mail the tracts to Muslims whose names they found in the telephone book. They were arrested, they were charged in court and they went to jail. Again, the message was sent and everybody understands. There is a certain balance that we keep. So tough laws and willingness to enforce the laws are necessary. But laws alone do not work. You need the community to work together.

So we have had well-meaning, highly educated people, Singaporeans, who look at these things - self-help groups, ethnic integration policy and so on - and say why do we need it? We are all Singaporeans. Do we really need it? In fact, why does our identity card talk about our race? Why does it say that we are Chinese, Malay or Indian? Well-meaning, as I said. But I think if the Government had not intervened, if I remove the ethnic identity from the IC (identity card), do we all become the same the day after?

Without active state intervention, after a while, you will get segregated communities, you will get segregated schools and you will have lessening of the common space and a reduction of opportunities for minorities.

If there is state intervention in such a situation, to help the minorities, through more welfare, quotas and so on, you risk a backlash from the majority who might then see it as accommodating the minorities too much. Then you will get a vicious circle, and it will be too late.

The Government would have got credit from some if we had removed, for example, ethnic identity from ICs. These sort of gestures play well to the gallery. Some governments may do so to give the appearance of activity, decisiveness, openness and so on.

But the realities of governance are different from theatrics. Good governance in our case requires us to eschew theatrics, and do what is good for society as a whole. And what we did was the right thing to do.

DON'T ASSUME SINGAPORE WILL BE IMMUNE FROM POPULIST WAVE

But we should not assume that Singapore is going to be immune from this wave of populism that is sweeping the West, which has let loose xenophobic tendencies, racism, tribalism. And in our case, let us not forget the racial mathematics which are quite stark.

It starts with one statistic - 74 per cent of our population is Chinese. Our system of elections means majoritarianism could have easily taken hold and can, in the future, easily take hold. Remember, many aspects of our society, as we see it today, are not normal or usual. Malays are 15 per cent of the population, Tamils 5 per cent of the population. And, yet, we have both as our official languages.

That does not happen in a normal place. And English as the official language of business.

When the Government was formed in 1965, senior Chinese leaders went to see Mr Lee (Kuan Yew) to say Chinese should become the language of official business. He was able to say no. But that was again not normal. Equal opportunities for everyone, in Government and private sectors. We guarantee religious freedom, strict protection against hate speech.

As a result, any Singaporean, regardless of (whether) Malay, Chinese, Indian or Eurasian, can walk in public with a sense of being yourself, comfortable in your own skin, as an equal citizen. That is the lived reality of a Singaporean.

That was only possible because Mr Lee and his team managed to get the majority Chinese to agree to this. Let's not forget that.

And that is not easy. Whoever forms the government in Singapore must continue to be committed to maintaining those values and protecting the minorities and not engage in racial politics.

We also need the majority of the community, which means we need the majority of the Chinese, to support this. Without that, what we have is not possible. None of this is a given. Ultimately, it depends on the people who are in government. And what the majority of the population accepts and wants.

There are a number of trends that can affect this dynamic. First, of course, rising religious extremism on all sides. As you can expect, we are already seeing the undercurrents in response to rising extremism. In the current context, extremism is often associated with rising Islamic extremism in some parts of the world. There is an undercurrent and a reaction from the non-

Islamic communities to that. But it can happen to other religions as well. We have managed to keep that under control so far. If, however, the reaction takes a populist tone, then we will be in trouble.

Second, there are regional trends which are disconcerting. Just to give one example, you have had the Mufti of Pahang, who says those who oppose Islamic law in Malaysia are "kafir harbi". Kafir are infidels. Kafir harbi are infidels who should be destroyed. That, I presume, also means the majority of Chinese and Indians who oppose Islamic law. Malaysia is a moderate Islamic country but you are getting an increasing amount of such rhetoric.

In Indonesia, we have seen recent large-scale demonstrations, with somewhat religious undertones.

If these trends continue in the region, and if racial-religious rhetoric increases, that can impact Singapore quite severely and there will be a reaction obviously from the majority Chinese community. That also presents an opportunity for unscrupulous people in the region, who then might try and champion the rights, or what they perceive to be the rights, of specific minorities within Singapore.

The third risk is polarisation. You get people targeting specific racial groups and making more demands. Targeting Malays, targeting the Chinese, targeting Indians and targeting groups based on other interests. What you will get over time, as you are seeing with other societies, is that people will be driven apart on specific interests. It could be on race, it could be on religion; different kinds of formulations. And if everyone pushes, the centre collapses, that will be bad for Singapore.

We here as a government try very hard to keep that common space and keep the centre holding, and try and keep a set of values together for all Singaporeans. But this cannot be done by the Government alone.

RELIGIOUS, COMMUNITY LEADERS MUST CHAMPION COMMON SPACE

Leaders of religions and leaders of the different ethnic communities have a huge role. They can no longer see themselves simply as leaders of their religion or of their community. They have to really understand the context of what is happening around the world; that they now have to also champion the cause of integration and creation of the common space, and an acceptance

of values which will increase interaction and integration, rather than promoting values that create greater differences.

This is critical. This is not just the Government. It has to be the effort of the entire community. And it is the leaders of the community who have to take on this role. They have to push back against polarisation.

We have to do all of these to preserve what we have achieved in Singapore, in one of the most racially and religiously diverse societies in the world and, yet, one of the most religiously harmonious.

What happens in the US can also impact racial, religious context here. We are seeing some degree of public disagreement in the US - the President versus the Acting Attorney-General, protests on the streets, deep rifts within Congress. Some people might say that's not new. But it's all happening at the same time.

There are many consequences of what is happening, to the perceptions of the United States, to what it means, to what is the perception of its leadership role in the world, and so on. And also there are implications as to what the rule of law means, and how valued it is in the United States. Those are not issues I am going to talk about.

But one of the consequences of everything that is happening, including the debate and the characterisations, and sometimes the caricatures - I think could lead to Muslims around the world, some of them, becoming more anti-American, believing that the US has become more Islamophobic. And that has serious risks for a lot of people, including us.

We have to watch this carefully.

So let me end by saying, in the face of all of this, the Government has to convey a clear message. What is that? First, we are all Singaporeans. Two, we guarantee the safety, security, freedom of religion to all, including the Muslim community. Three, as a community, it is not just the Government, but as a community, we must covenant to ourselves to never allow xenophobia and majoritarianism to overrun the protection and guarantee of equality, particularly to minorities.

And four, the Government can only do this if the community supports this. For this to work, therefore, obviously the majority will have to support it. And the minorities have a significant role. They cannot become more exclusive.

They have to play their part in integration. So both the majority and the minority have to work together, to increase the common space. And work with the Government that is determined to hold the common space together. That is the only way we can resist this kind of populism that is sweeping the rest of the world, and keep to our way of life.

India admits rupee withdrawal bad for economy



The 500 and 1000 rupee notes were scrapped to target so-called 'black money'

India's controversial withdrawal of high value banknotes late last year has had an "adverse impact" on the economy, the government has admitted.

The country's Economic Survey, released on the eve of the national budget, said the measures had slowed growth.

The dramatic move to scrap 500 (\$7.60) and 1,000 rupee notes was intended to crack down on corruption and so-called black money or illegal cash holdings.

But it also led to a cash shortage, hurting individuals and businesses.

The report forecast that India's economy would grow 6.5% in the year to March 2017, down from 7.6% the previous financial year.

But it also stressed that the estimate was based "mainly" on data from before the note withdrawal kicked in - causing some to suspect growth may be lower still.

India's Finance minister Arun Jaitley who will deliver the Union budget in Delhi on Wednesday, said he expected the economy to "revert to normal" from March onwards after supplies of cash in the economy were replenished.

'Reduced demand'

Prime Minister Narendra Modi announced the so-called "demonetisation" policy on November 8 last year.

Within hours the two notes were no longer accepted as legal tender - taking the equivalent of about 86% of India's cash supplies out of circulation and sparking scenes of chaos outside banks and cash machines.

Low-income Indians, traders and ordinary savers who rely on the cash economy were badly hit, with hordes thronging banks to deposit expired money and withdraw lower denominations.

"The adverse impact... on GDP will be transitional", the government's chief economic adviser, Arvind Subramanian, wrote in the report.

Media caption Indians in Mumbai and Delhi gave us their views of the country's bank note ban
"Growth slowed as demonetisation reduced demand ... and increased uncertainty," he added, saying negative impacts included including job losses and falling income for farmers.

However the report said the scheme could be "beneficial in the long-run" if corruption fell and there were fewer cash transactions - many of which are done to dodge taxes.

'Acknowledgement'

The government has previously said the move was a success with the banks flush with cash and significant increases in tax collection.

"It's very nice to understand that the survey is acknowledging the negative impact," said Aneesh Srivatava, chief investment officer at IDBI Federal.

"This is perhaps the first acknowledgement coming from the government. Otherwise so far there has been a denial."

Deadlines for spending the notes or swapping them for new currency have already passed. Some people, including those of Indian origin living abroad, will be able to exchange the notes

in branches of India's central bank until 31 March 2017 - but the process will be more complicated than going to a regular bank.



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.

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