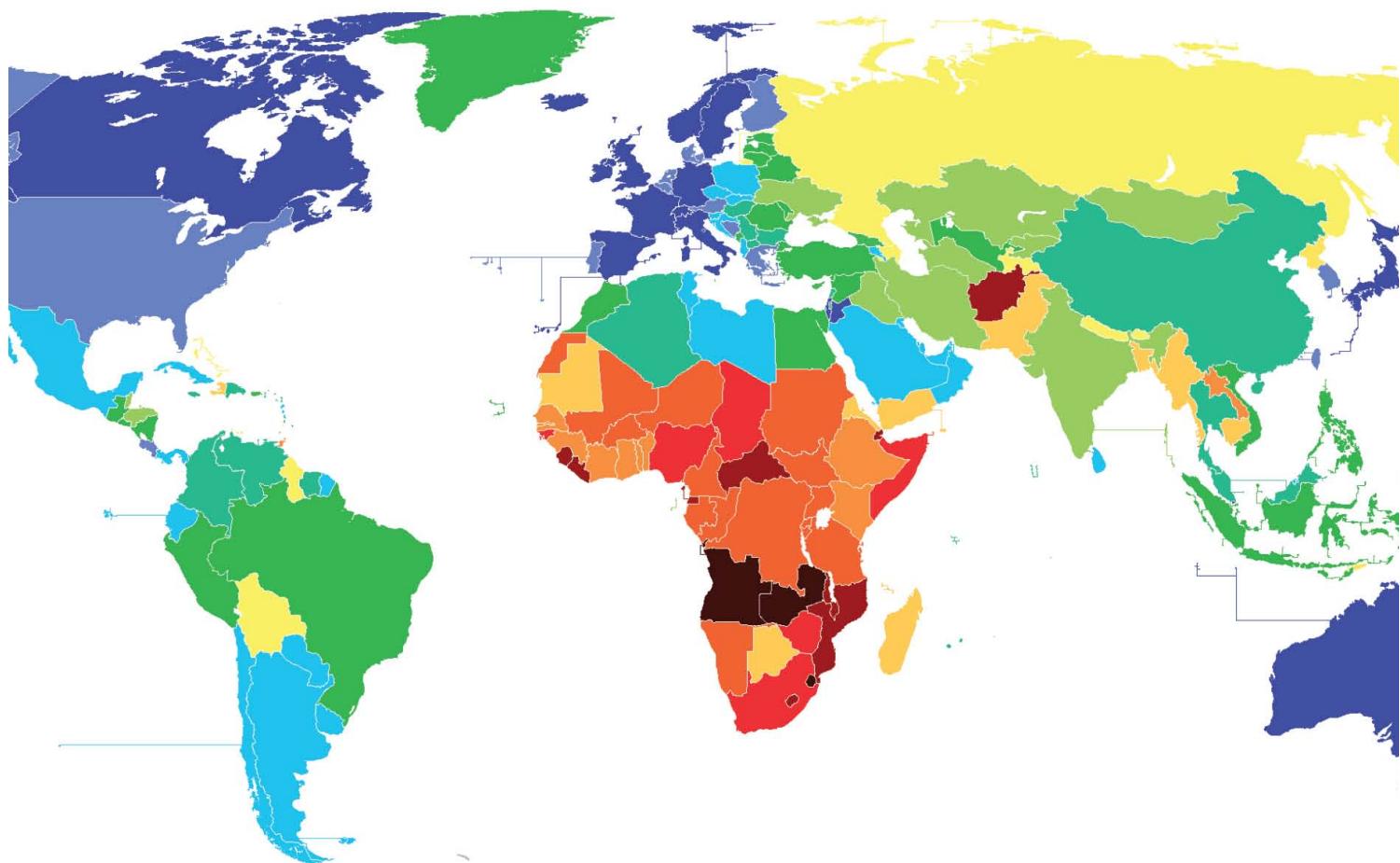
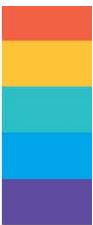




# UNDER THE MACROSCOPE



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**TSAI ING-WEN ELECTED PRESIDENT  
OF TAIWAN**

**PARIS CLIMATE DEAL OFFERS FLAME  
OF HOPE**

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# Headlines

## TSAI ING-WEN ELECTED PRESIDENT OF TAIWAN, FIRST WOMAN TO HOLD OFFICE



*Tsai Ing-wen celebrated in Taipei on Saturday. Her party also gained control of the legislature.*

that is willing to listen to people, that is more transparent and accountable and a government that is more capable of leading us past our current challenges and taking care of those in need,” she said in a news conference outside her party’s headquarters.

Her main opponent, Eric Chu of the governing party, Kuomintang, conceded just after 7 p.m. “I congratulate Chairman Tsai Ing-wen of the Democratic Progressive Party on her victory,” he said. “This is the choice of Taiwan’s people.”

With 99 percent of the polling places reporting results, Ms. Tsai had 56 percent of the vote to Mr. Chu’s 31 percent, Taiwan’s Central Election Commission said.

The campaign pivoted largely on economic issues, as growth in Taiwan has slowed significantly over the past year. Wages have stagnated and housing prices in major cities like Taipei have remained out of the reach of many people.

Voters also soured on the departing president, Ma Ying-jeou, and his policy of pursuing a closer relationship with China, Taiwan’s giant neighbor, which considers

TAIPEI, Taiwan — Tsai Ing-wen was elected Taiwan’s president on Saturday, becoming the first woman to win the office. Voters gave her Democratic Progressive Party, which is skeptical of closer ties with China, control of Taiwan’s legislature for the first time, giving her broad authority to enact her policies in office.

“The results today tell me the people want to see a government

Taiwan, a self-governed island, to be a part of its territory with which it must eventually be united.

On the night before the elections, speaking to a huge crowd of supporters on a boulevard across from Taiwan's Presidential Office Building, Ms. Tsai recalled the protests that filled the capital's streets in recent years. Those included demonstrations over the death of a young soldier and the Sunflower Movement, a student-led protest against the pursuit of a trade bill with China by the Kuomintang.

"Behind me is the presidential office," she said. "It's just a few hundred meters away from the people. But those inside the presidential office can't hear the voice of the people."

Ms. Tsai, who consistently held a wide lead in polls, will be only the second president not to belong to the Kuomintang, the party that ruled Taiwan as an authoritarian state until democratic reforms began in the late 1980s.

Her Democratic Progressive Party, known as the D.P.P., traditionally supports Taiwan's formal independence. The tenure of the previous D.P.P. president, Chen Shui-bian, who led Taiwan from 2000 to 2008, was marked by increased tension with China and concern that it would use military force against the island.

Ms. Tsai, who during a failed bid for president in 2012 was criticized by the Kuomintang as being unable to manage the relationship with China, pledged during this campaign to maintain the cross-strait status quo.

"Following the will of the Taiwanese people, we will work toward maintaining the status quo for peace and stability across the Taiwan Strait in order to bring the greatest benefits and well-being to the Taiwanese people," she said.

"I also want to emphasize that both sides of the strait have a responsibility to find mutually acceptable means of interaction that are based on dignity and reciprocity," Ms. Tsai added. "We must ensure that no provocations or accidents take place."

The head of China's Taiwan Affairs Office, Zhang Zhipun, said last month that "complicated changes are arising in the Taiwan situation" and warned "compatriots on both sides to be on alert for and oppose Taiwan independence."

But the Chinese government's response to these elections has been more muted than in the past, in part because previous efforts to influence Taiwan's politics only increased support for the parties China opposes, said Lin Jih-wen, a political scientist at Academia Sinica, a research institution in Taipei.

"They have learned from past experience that shouting against the Taiwanese will backfire," he said.

Mr. Lin said he did not expect China's leader, President Xi Jinping, to try to pressure a D.P.P. government too quickly.

"Xi Jinping is pretty much constrained by what he can do toward Taiwan," he said. "Xi is facing serious domestic challenges and people are waiting for him to make mistakes, so he has to be very careful."

Analysts expect Ms. Tsai to take a more cautious approach to China than did President Ma, who pushed through more than 20 agreements between the two sides. But she also wants to keep the cross-strait relationship stable, said Shelley Rigger, a professor of East Asian politics at Davidson College in North Carolina.

"Tsai Ing-wen doesn't want this to blow up," she said. "Washington doesn't want this to blow up; Beijing doesn't want this to blow up. So why should it blow up?"

With Taiwan's economy contracting over the last quarter, Ms. Tsai's first priority will be to revive growth. She has proposed developing regional industrial bases, including technology in Taiwan's north and advanced manufacturing in the center of the island. She has also emphasized the importance of expanding Taiwan's trade ties globally.

Mr. Chu, the Kuomintang candidate, argued that Taiwan needed to focus on trade and investment ties with China to revive its economy. That approach met with skepticism among voters worried about the possibility that China would use economic leverage to pursue its goal of bringing the island under its control.

Those concerns were reinforced on the eve of the election. Chou Tzu-yu, a 16-year-old Taiwanese member of a South Korean pop group, who has been criticized over a photo in which she is shown holding Taiwan's flag, bowed in apology in a video released by her agency. In the video, she declares, "There is only one China," and "I have always felt proud to be Chinese."

All three presidential candidates, including a third-party candidate, James Soong, said Ms. Chou should not have had to apologize. But many online critics derided Kuomintang politicians' expressions of support as hypocritical, given the party's push for closer China ties.

The party's campaign struggled in other ways, too. No prominent politician stepped forward to run against Ms. Tsai, and as the Kuomintang's initial nominee, Hung Hsiu-chu, trailed badly in the polls, she was replaced in October by Mr. Chu, the party secretary.

But Mr. Chu fared little better. His chances were further weakened by the candidacy of Mr. Soong, of the People First Party, a former Kuomintang member who has run for president twice before.

Analysts expected the D.P.P. to make strong gains in Taiwan's legislature and perhaps win control of it for the first time. If it gains power, the party is expected to pursue an investigation into abuses during the Kuomintang's years of rule, as well as the Kuomintang's acquisition of state and private property while it was in power.

"We will definitely investigate," said Fred Hung, an adviser to Ms. Tsai. "If we don't do anything on transitional justice, the voters will be very unhappy."

While gender did not play a major role in the campaign, there was clearly excitement among voters at the prospect of electing Taiwan's first female president, one whose path to power, unlike other female leaders in Asia, was not paved by a powerful father or other male relative.

"Taiwan has traditionally been a patriarchal society," said Rebecca Chang, 45, who stood with a friend by the side of the road with LED signs reading "Elect" and "Taiwan's First Woman President" as Ms. Tsai's campaign motorcade drove through Taipei on Friday. "She can help change people's thinking, no matter if they are male or female."

*By The New York Times*

# Environment

## PARIS CLIMATE DEAL OFFERS FLAME OF HOPE, SAYS UN OFFICIAL

Christiana Figueres says countries cleared multiple hurdles to reach accord, showing that 'if we want to do something we can'



*Christiana Figueres (centre) at the Paris climate change summit in December.*

The Paris climate agreement kindled "a huge flame of hope", establishing a new model of 21st-century diplomacy, the woman behind the deal has declared.

In her first public reflections on the climate accord signed in December, Christiana Figueres, the UN climate change official, said that after two decades of meandering negotiations, countries had at last

discovered their "higher purpose" and risen to the challenge of dealing with global warming.

The Paris agreement, in which 195 countries committed to limiting the temperature increase to well below 2C, set a new standard for dealing with complex global problems, she said.

"Climate change is a very, very good example of how we are moving to a completely new social contract from the last century," Figueres told the Guardian at a conference hosted by the International Renewable Energy Agency (Irena) in Abu Dhabi. "The social contract that is going to underpin the 21st century has at least five very, very different ways of dealing with challenges and very different ways of delivering solutions."

"To have Paris is a huge flame of hope. We can really take some confidence from there that if we decide we want to do something, then we can," said Figueres, who

will step down this summer after guiding the negotiations for six years. "We are not bound by situations we are confronted with. We can rise above them. It's fantastic."

A number of key players in the Paris climate deal attended the annual Irena conference at the weekend.

More than 80 countries committed in their climate plans in Paris to expand their use of solar and wind power as a way of reducing greenhouse gas emissions. These countries are now looking for financing and technological assistance to make the switch to cleaner energy sources.

Figueres said countries had overcome multiple faultlines to arrive at a deal in Paris – the divide between rich and poor countries, between the public and private sector, between different regions.

Unlike other negotiations, the Paris climate talks involved governments, business leaders and campaign groups. A number of foreign policy experts have held up Paris as a new model for diplomacy, and commentators have praised the French hosts for skilfully guiding the talks to a successful resolution. "It is the way that we are going to operate increasingly in the 21st century," Figueres said.

The agreement abandoned the idea of a traditional international treaty with clear rules and fixed obligations, in recognition that the US would never sign on to an agreement that needed approval from a Republican-controlled Senate.

Instead, the agreement relied on countries to come forward with plans for cutting greenhouse gas emissions and then to review those plans at regular intervals to make even deeper cuts.

Anne-Marie Slaughter, a former US Department of State official and president of the New America Foundation, wrote of the deal in December: "By the standards of a traditional treaty, it falls woefully short. Yet its deficits in this regard are its greatest strengths as a model for effective global governance in the 21st century. The Paris agreement is a sprawling, rolling, overlapping set of national commitments brought about by a broad conglomeration of parties and stakeholders. It is not law. It is a bold move toward public problem-solving on a global scale. And it is the only approach that could work."

But there have also been a number of high-profile critics of the Paris agreement. James Hansen, the climate scientist, dismissed the agreement as a fraud. Bernie

Sanders, the Democratic presidential contender, said the deal went nowhere near far enough.

Figueres said the 31-page agreement had exceeded her expectations. "The surprise for me was actually the clarity of the text and the way in which governments worked with each other to get to common ideas," she said. "In previous negotiations, people have got so caught up with the wording itself – this comma, that comma, that verb – that they tripped over themselves and were not able to reach for the stars. In this case they first reached for the stars and then thought: how do we express that?"

She said Paris was the first time in six such climate meetings that she never had a moment when she feared it would all end in a collapse.

"At every other one there was at least one moment in which I thought we are going to lose this whole thing," she said. "This was the first time in which it was so evident that there was overwhelming, not just political will, but political determination to actually come to an agreement."

And not just an agreement for the sake of it, she said. "The overriding current was getting to an agreement that they could all be proud of. It wasn't just for a photo."

*By The Guardian*

# **Economics**

## **DOW PLUNGES 391 POINTS AS FEAR GRIPS MARKETS**

**The market freakout of 2016 keeps getting scarier. Cheap oil and China remain the major culprits.**

The Dow dropped another 391 points on Friday, leaving the index down an incredible 1,437 points in just the first two weeks of the year. The S&P 500 lost 2.3% and the Nasdaq plunged 2.7% to its lowest level since October 2014.

The wave of selling dashes hopes that Wall Street's panic attack was over. The Dow had jumped 228 points on Thursday, its best day since early December.

"The sentiment is dominated by fear. Ahead of a long weekend, no one wants to be exposed," said Sam Stovall, managing director of U.S. equity strategy at S&P Capital IQ.

Friday's market slide was fueled by another crash in crude oil prices and China's stock market tumbling into a bear market. The U.S. stock market descended into some scary territory as well, with the S&P 500 briefly breaking below its August 24 low before rebounding above it.

"There's a mad rush for the exits! There is one direction to this trade in the immediate term: Lower," said Peter Kenny, an independent market strategist and founder of Kenny's Commentary.

Even the White House weighed in on the recent market turmoil. White House spokesman Josh Earnest said on Friday officials are closely watching market movements and their potential impact on the U.S. economy.

Stocks have moved almost in lockstep with the price of oil, which plunged another 6% on Friday to as low as \$29.28 a barrel. That's the cheapest it's been since late 2003. Friday's plunge was fueled by signs that sanctions on Iran could be lifted as soon as this weekend, exacerbating the supply glut rocking the oil market.

While the oil plunge is great for many consumers because it lowers the price of gas at the pump, it's been a big negative for stocks lately. First, cheap oil eats into already-shrinking profits for energy companies. Many of the biggest losers on the S&P 500 on Friday were energy stocks, with Marathon Oil (MRO) and Consol Energy (CNX) plummeting 10% or more.

Secondly, the oil crash is raising fears that poor economic performance around the world is sapping demand. After all, oil demand is seen as a strong indicator of growth.

"Oil needs to stabilize. It seems misguided to conclude that equity prices will reverse course and trend upwards when the price of crude continues to trend lower," said Terry Sandven, chief equity strategist at U.S. Bank Wealth Management.

Also, it's not clear consumers are really spending their gas savings at the stores. The government said on Friday that U.S. retail sales dipped in the critical month of December. That's never good.

Economic concerns were reinforced by a new gauge on New York-area manufacturing activity, which unexpectedly plunged in January.

Meanwhile, shares of Intel (INTC, Tech30), one of the blue chips of the tech world, plunged 9% as the slowdown in PC demand dented profits more than feared.

Wall Street continues to take its cues from China, where the Shanghai Composite plunged another 3.6% on Friday. That leaves the benchmark index more than 20% below its December high and in a bear market.

China's stock market has been rocked by the slowdown in the country's economy and Beijing's failed efforts to stabilize financial markets. The turbulence has eroded confidence on Wall Street that Chinese authorities have a firm grip on the situation.

U.S.-listed Chinese companies took another big hit. Alibaba and JD.com tumbled 4% apiece, while Weibo plunged 5%.

Signs of fear in financial markets are present everywhere. On Friday the 10-year Treasury yield briefly slipped below the 2% level for the first time since October. That doesn't happen when things are going well.

Gold, which tends to rise when people are scared, popped 1.4% and to \$1,088 an ounce on Friday.

CNN Money's Fear & Greed Index, which tracks several indicators to measure market sentiment, continues to flash "extreme fear" and is back in single digits for the first time since the August freakout.

The latest big losses in stocks have some wondering whether Friday could mark a so-called "capitulation day." Those scary down days occur when investors give up on the markets and can be a sign of a bottom in prices.

"We need a big shakeout to shake off the loose hands. Today might be that day," said Stovall, adding that it could mean the end of the declines is near.

Investors should be happy that the S&P 500 managed to close above its August low of 1,867.01 after briefly tumbling below that key level.

"That might be an important sign that those lows have become permanent and the market is unwilling to push it below that," said Mark Luschini, chief investment strategist at Janney Capital.

*By CNN*

# **Science and Technology**

## **POLITICAL GIFS ARE THE NEW SOUND BITES THIS CAMPAIGN SEASON**

**Every few decades, a piece of technology comes along that alters political campaigning.**

It happened in 1924 when Calvin Coolidge showed that he was a natural on the radio, which many historians believe helped him win the presidency.

Technology disrupted the presidential election again in 1960, during the nation's first televised debate, when John F. Kennedy, who was essentially an unknown senator at the time, destroyed Richard Nixon's presidential bid because Kennedy was telegenic and confident, and Nixon was not.

And it's happening again in 2016, although the technology in question is not some newfangled social media platform or a magic app for getting out the vote. It's the lowly animated GIF, which stands for Graphics Interchange Format.

So how on earth is the GIF going to change the election? Well, close your eyes for a few seconds and think about the moments that stand out so far in this presidential campaign season. Sure, there have been lots of memorable events from the debates and the stump speeches, but the ones that seem to have stuck in the popular consciousness have all been reduced to highly shareable, and fun, animated GIFs.

Among the most popular could be called the [Trump Faces GIF](#), which featured Donald J. Trump contorting his face into a dozen different shapes during the second Republican debate, hosted by CNN last September. Reacting to Jeb Bush's comment that Americans would not want "such a hothead with the nuclear codes," Mr. Trump is seen rolling his eyes, raising his eyebrows, mocking surprise, feigning laughter and otherwise exuding smugness.

It's an image that made Mr. Trump seem funny and even likable. As a CBS News employee noted on Twitter: "Donald Trump just did every emoji face on your phone in 7 seconds." (Others have also compared Trump's "resting smug face" to Mussolini's.)

Mr. Trump has also appeared in dozens of other viral GIFs, comically [slapping hands](#)

[with Jeb Bush](#), swatting away [opponents](#) with his hands and, of course, making countless [funny faces](#). One online publication has called Trump the most “GIF-able politician ever.”

Democrats have had their share of GIFs, too.

During the select House committee hearing on Benghazi in October, Hillary Clinton paused to [brush a little piece of lint off her shoulder](#). The four-second moment (which in the past would have been lost in the stream of 24-hour television punditry) became immortalized as a popular GIF, shared by supporters to illustrate how deftly Ms. Clinton handled her Republican critics. (Ms. Clinton’s campaign even posted the GIF to Twitter during the third Republican debate.)

What GIFs offer (as with radio and television before it) is another window into the candidate’s persona that is somehow more human and authentic than conventional stump speeches and sit-down television interviews.

“These miniature movies give you a sense of a candidate, so you can laugh at, or joke with, them,” said Harper Reed, the former chief technology officer for Obama for America, who was instrumental in pioneering new technologies for modern-day elections. Mr. Reed added that GIFs allow candidates to show a warmer, more likable side to voters.

And not coming across as likable, or someone you want to have a beer with, can cost you an election, as Al Gore and Mitt Romney can probably attest to.

So why has the animated GIF, which has been around since 1987, suddenly become relevant? Until recently, GIFs were difficult to create. Now, there are hundreds of apps that allow people to easily make and share them. In addition, Twitter, the social media platform that is arguably most popular among politicos, did not enable people to embed animated GIFs until June 2014.

Moreover, GIFs have enjoyed a renaissance in popular culture, seamlessly shared on smartphones, laptops and tablets, and by major celebrities like Drake and Kim Kardashian.

Julie Logan, director of brand strategy for Giphy, a search engine for GIFs, said that political GIFs have become so popular that the company has started “live-GIFing” the presidential debates, with GIFs edited and uploaded in real time.

“A good GIF is that moment of real emotion,” Ms. Logan said, adding that when debates drag on for hours, seeing a great short clip of a candidate condensed into one moment moving over and over can be incredibly “humanizing.”

But in the same way that GIFs can humanize candidates, they can also make candidates appear less appealing. GIFs of Carly Fiorina often show her as emotionless and [unsmiling](#), while GIFs of Mr. Bush often depict him as a [bit goofy](#) or awkward.

And sometimes, the most memorable GIF doesn’t involve the actual candidate.

The most relevant GIFs for Senator Bernie Sanders, according to a search on Giphy, include not only the [Drake-style dance moves](#) he displayed on “Ellen,” but also Larry David’s [hilarious impersonation](#) on “Saturday Night Live.” The two men looked so similar, and the caricature of Mr. Sanders so perfect, that GIFs of Mr. David were shared on Twitter in lieu of those of Mr. Sanders during the second Democratic debate.

*By The New York Times*

# **Arts**

## **ACADEMICS SAY THE ART MARKET BUBBLE IS ABOUT TO BURST—ARE THEY RIGHT?**

A recent study published in the Journal of Empirical Finance from the University of Luxembourg predicts that the seemingly ever-growing art market bubble is about to burst.

Roman Kräussl, Thorsten Lehnert, and Nicolas Martelin from the Luxembourg School of Finance applied a new statistical method of detecting bubbles to over one million auction records from 1970 to 2014, focusing their research on the impressionist and modern, post-war and contemporary, American, and Old Masters sectors of the market.

By identifying the market conditions that led up to the collapse of two previous art market bubbles in 1990 and 2008/2009 and comparing them with the symptoms we are seeing today, the researchers concluded that the current art market is showing signs of overheating. According to the study, this would create the conditions for a “severe correction” or potential crash in the post-war and contemporary, and Old Masters categories.

The study defines bubbles as a dramatic escalation of trade volume at prices that exceed fundamental value, followed by sudden collapse. The authors point out that current market conditions bear several similarities to the art market bubble of 1990, leading them to believe that the current market is at, in their words, the “mania phase of its formation”.

Acknowledging the robust state of the global art market since the end of the financial market crisis of 2008/2009 and emphasizing the strength of the contemporary art market, which has doubled in value during the recovery since, the study warns that the current level of growth, is unsustainable.

However, the Belgian financier and collector Alain Servais told artnet News via e-mail that he believes the art market has already begun its downward spiral. Servais

emphasized that highly publicized world auction records, such as the sale of Pablo Picasso's *Les Femmes d'Alger* (version O) (1955) at Christie's for \$179 million or Amedeo Modigliani's *Nu Couché* (1917-18) for \$170 million, hide the true state of the art market. "I believe it is important to stop focusing on trophy performances to gauge the art market," said Servais. "It is as ridiculous and judging the condition of the automobile market on the basis of Ferrari sales!"

"The contemporary market particularly has unlimited supply, it is therefore exposed to oversupply and I believe that we reached this stage some months ago outside the 'trophies' market," he added. "Prices and volumes reflect this."

He also pointed out that some parts of the market are already experiencing slowdown and are in some cases, even contracting. "Studies don't tend to focus on day sales and mid-size gallery sales, which I believe would show a market already on the way down and hit by oversupply."

The market for some artists, however, has already started to slow, like that for the "Zombie Formalist kids." But Servais contends that others will follow, particularly when taking into consideration that there can be "unlimited supplies of darlings like Kapoor, Hirst, Kiefer, McCarthy and so many others."

Meanwhile, not everyone is convinced by the findings. Todd Levin of Levin Art Group dismissed the findings as stating the obvious. "If you don't know we've been in a bubble in certain strata of the market for a prolonged period, then you've been missing something," he told the *Guardian*. "The professors can give themselves a big pat on the back," he added sarcastically. While the experts duke it out, it's probably best to turn our attention to the auctions, where the truth will, no doubt, soon become apparent.

By ArtNet



# UNDER THE MACROSCOPE

Under the MacroScope is a weekly summary of what's happening round 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