

THE READING ROOM REVIEWS

unsure motivations

tembusu college

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The Genesis of our Unsure Motivations

There is nothing as satisfying as reigniting an old flame like reading. This Winter, 6 Tembusu students, dubbing ourselves *Unsure Motivations* (because we have no idea what we're doing), decided to pick out a bunch of books from the Reading Room, and write about them. As the self-appointed pseudo-Conductor of this little experiment of ours, I gave my friends absolutely no direction whatsoever in writing these pieces; I asked them if they were interested in reading something, and then reflecting on it, and to my delight (read: surprise), they said yes!

As the Reading Room closed last semester due to the restrictions on the COVID-19 pandemic amongst other things, I thought it would be fun to make an attempt to show people what the room had to offer once again when it opens in the coming months. A long over-looked room, this place has much more to offer than we normally assume. As the College's own private collection of books, curated by our Rector and Fellows, this unassuming room contains a wealth of knowledge just waiting to be read and appreciated. Essentially, what I hope you will find in the following pages is motivation to come explore the Reading Room when it opens, and hopefully find something that gets your gears turning, just like we have.

I am extremely excited to begin this little thing right here of our own, with Melvin's essay on Fahrenheit 451, a classic science fiction novel that still holds significant relevance to our modern society.

Fahrenheit 451

By Ray Bradbury

A Book Review

By Melvin Ong

'Speed up the film, Montag, quick. *Click, Pic, Look, Eye, Now, Flick, Here, There, Swift, Pace, Up, Down, In, Out, Why, How, Who, What, Where, Eh? Uh! Bang! Smack! Wallop, Bing, Bong, Boom!* Digest-digests, digest-digest-digests. Politics? One column, two sentences, a headline!'

[Enter]... the dystopian society of *Fahrenheit 451* - a future where the reading and possession of books are prohibited, literature classics are continuously cut to fit 2-minute attention spans and culture is reduced to frivolous, slapstick and irrevocably empty TV shows. It is a future where the firemen's call to duty is not to save lives and put out fires, but to burn books and those who stand in their way. The book was written by Ray Bradbury at the height of the Cold War, in the midst of McCarthy's war on communism. The paranoia, fear and suspicion of the period permeate the text, as spouses sound the alarm on their partners and mechanical watchdogs surveil the neighborhoods. *Fahrenheit* is thus often read as a criticism of fascist regimes and government censorship. While the threat posed by literature to authoritarian and monolithic structures is a common trope, what struck me about this text was the tension between freedom and knowledge, and society's absolute desire for a hedonistic well-being above everything else. This is represented by the complicity of society in the destruction of knowledge and the palpable desperation to maintain the coherence of their worldview. It is explained in the text that the public's self-censorship preceded any form of government intervention, where society blazed the trail for its own mindlessness. It began with the invention of mass media, and the overwhelming speed and quantity at which information was fed to the public. The contemplative viewer is constantly interrupted by a continuous sequence of new images, demanding a greater in-depth participation from them in the fields of thought and current affairs. However, to participate in thinking and acquiring knowledge also means to open oneself up to contradictions and oppositions. In fear of this, individuals gradually focused on information in diminishing volumes, reducing human culture to simplified, monosyllabic images. Addicted to frivolous content and disarmed of opinions, society sought comfort from numbness and validation from insipid entertainment.

I will recommend this book to avid readers of science fiction and dystopian narratives, to those who prefer succinct, fast-paced and engaging fictions, and thinkers who are intrigued by philosophical frameworks of reason, knowledge and freedom. The text can be read as a break from dense academic writing, or as a complement to critical analyses of contemporary media's relationship with society and its viewers. Personally, I thought that the text presents an apocalyptic prospect of our intellectual culture - where *whys* are repressed, and skepticism is replaced by ignorance. Bradbury's novel can be described as a text born out of crisis, projecting the anxieties and problems of his age onto an imagined future. Yet, read in our age of *TLDRs*, fake news and the infinite scroll of social media feeds, the novel carries with it an eerie resonance of familiarity - a fictional possibility that could very well be the extension of our present media-saturated society. As our media content becomes increasingly mediated by algorithms and pandered to our "individual" interests, we are further insulated in echo chambers and distant from views that confound ours. Have we replaced intellectual engagement with superficial browsing and one-sided interpretations? Is ignorance truly bliss? And how does one relate their subjectivity to the acceleration of interest-pandering content and the simplified summaries of cultural histories?

They Told Us to Move: Dakota-Cassia

edited by Ng Kok Hoe and the Cassia Resettlement Team

A Book Review

By Koh Hong Kai

What is Home? Is it the apartment/building/plot of land in which we retreat into to rest after a long and weary day? Is it the group of people we pass by on our way to work, as we squeeze with them on the bus during the morning rush hour? What about the island where we traverse, live, and play on, bound together by a pink identification card and bright red passport? About 5.6 million people live on this island of ours, many of whom call this place ‘home’, be it in the short or long term. How then, do we as a society think and go about making home(s) on this island? As we (inevitably) build, and re-build homes on this little island we call our own, what is gained and what is lost?

These questions came up as I read *They Told Us To Move*. A book about how a rental flat neighbourhood, Dakota Crescent, was relocated to make way for redevelopment in 2016, *They Told Us To Move* was conceived by volunteers who were involved in helping residents adapt and relocate to their new environments. Through the use of resident interviews, volunteer reflections and academic essays, the book pieces together a varied and riveting narrative of the stories of the relocated residents. The “Resident Interview-Volunteer Reflection-Academic Commentary” format does well in giving a voice to the residents most affected by the move (or at least a glimpse into their inner thoughts), while allowing the reader to appreciate and zoom out to larger issues, such as that of Singapore’s housing policies and how we render help to our vulnerable communities.

This is a book of intersections, varied experiences, contradictions and synergies. We jump from stories of resilience amidst a sense of resignation; of community ties amidst loneliness; of everyday concerns intersecting with larger social issues between different sections of the book, or even paragraphs on the same page. A mother reminisces about time spent in Dakota, and her hopes and dreams for her children amidst her navigation of the social welfare system for childcare and aid via Google. Within nostalgia for the space of the outdoors their first storey flat affords, lay a subdued acceptance of the “envelope” containing the decision to en bloc. A single read is probably not enough for one to grasp the finer nuances of the experiences and points made in this book – something I regret not having enough time to do so over this vacation. *They Told Us to Move* is definitely a book I would return for a second read, even if it is just to re-visit a chapter or two.

The diverse voices featured in this book cover a lot of ground regarding social welfare and intervention on the governmental, community, organizational and personal level. It also covers our housing policy, how we conceive of home ownership in Singapore, as well as issues of citizenry, community, heritage and memory. Underlying the multitude of perspectives, positions and disciplines expressed and represented in this book, lies a common belief and love - for the community, each other, and the homes in which they come from.

Often, when we attempt to give other people voices and speak on their behalf, much of their original intentions and meaning gets lost in translation and mediation. When we represent others, and write about them, how do we choose the best words to capture what we hope to express? Are we (consciously or not) constricting our 'subjects' to certain narrative frames? What then are the implications of doing (or not doing so)? Is it even our place to attempt to write about, and illuminate the experience of others in the first place? We can be overly engrossed in our own ivory tower at times, with every story and essay we write. *They Told Us To Move*, in my opinion, thus represents an interesting and promising approach to advocating for its subjects without compromising their agency. We get a slightly closer glimpse into their lives and stories, as we interact (albeit in the written form) with their voice.

Ultimately, the book works as a commentary of the fast-changing, ephemeral nature of the Singaporean landscape, compelling us to pause, listen and contemplate the displacement that change, redevelopment and modernity often brings about in people's lives. I recommend anyone with an interest in housing issues, social inequality and Singapore to give this book a read!

Reading Kubrick

Kubrick

By Michael Herr

By Loe Min Si

A short book like *Kubrick* can be rather deceptive: an easy-to-read biography that offers a cheap "behind-the-scenes" exclusive, and some form of ostentatious star-gazing to make you feel closer to *genius*. And yet, Michael Herr manages to make this an intimate reading that is unpretentious, loaded with dry humour, and most significantly, one that is packed with reflection and erudition. This tribute gives insight to the life and times of filmmaker Stanley Kubrick, and also provides a lens through which we can understand Kubrick's (and Kubrick-ian) films. Some of the well-known films of Kubrick are referenced in the book, including *Full Metal Jacket*, *Dr. Strangelove*, *2001: A Space Odyssey*, *The Shining*, and *A Clockwork Orange* among others - films which have earned him wins and nominations at the Oscars, Golden Globes, and BAFTA awards.

In the book, Herr first breaks down the caricature of his friend, the misanthropic enigma, and offers a more loving and tender portrait of Kubrick, though never denying the blood, sweat and tears that came with being his friend and collaborator. He makes you yearn for something as special as a friend like Kubrick in your life (or at least, mine). Herr doesn't make you feel like you know Kubrick after you read the book, but instead positions the reader to feel even more intrigued by Kubrick's work - and to induce the yearning to know him as everyone in Hollywood did. He makes you understand that the only way to understand Kubrick is to watch his films and allow yourself to feel and emote with them.

But the best of this book is hidden in the Postscript to *Eyes Wide Shut*, a movie released posthumously in 1999, marketed as an "erotic psychological drama" based on the 1926 novella *Traumnovelle*. This section is what is easily read as a defensive critique of the film, but more than that, it is an intimate understanding of the film and how it was meant to be seen. Herr touches on cultural contexts surrounding the film, and delves into the impact of the rising sense of art-phobia and "masterpiece fatigue" that set in at the time had on the film. More than just rushing into a verbosity about it, however, Herr actually dissects the film itself in immaculate detail (without spoiling the enjoyment of the film's twists and turns). Instead, he gives the reader a deeper understanding on why exactly he believes the film is, in fact, a masterpiece and why it is so often misunderstood.

Bringing in marketing techniques and publicity plans as a possible reason why the film was so ill-received, he brings in potent ideas on the verticality of films and how they are being perceived as a result not of their intrinsic value and artwork, but instead focusing on critics and the “hype” created around the film. That is - they judge a film not on the film itself, but the idea of the film created in everyone’s imagination. In terms of *Eyes Wide Shut*, this meant bashing the film’s lack of graphic depiction, instead of looking out for all the nuances of the film in affection, love and devotion that was meant to be centrepiece.

"Genuine art makes you stake your credulity on the patently counterfeit," a gambit he claims the critics didn't even consider, let alone dare... "For they fear that if they surrender themselves to the work's strangeness, they will seem vulnerable and naïve and intellectually unreliable." (Lee Siegal, p.79)

With a quote beginning every chapter except the last, Herr makes an attempt to summarise each movement of Kubrick's life. One of the quotes that perhaps best surmises what Herr really means to say in the book: "**Money well timed and properly applied can accomplish anything.** Thackeray and/or Kubrick, *Barry Lyndon*" (p.29). The best bits of the book are the ones of Herr's evaluations of Kubrick's work ethic and philosophies of filmmaking and storytelling - that is, how “genius” works. Essentially, *money well timed, and properly applied*. Simple as it sounds, however, the latter of the sentence: "properly applied" - is so difficult to achieve. As Herr painfully repeats several times in the book, Kubrick is not a "cheap prick" - instead, he is simply deliberate.

"You could always count on Stanley every time to vote for Beauty over Content, since he didn't think of them as two separate things." (p.92)

This deliberate nature described by Herr is made even more astute when viewing Kubrick’s films with a more intimate understanding of the man behind the camera. After reading the book, I went back to watch *2001: A Space Odyssey*, and *Eyes Wide Shut*, the two Kubrick classics that have long escaped my time. I know this is supposed to be about the book, but I’ll just take some time to ~~plagiarise Herr~~ praise the films very much like Herr did. In watching *2001* spurred on by Herr’s imaginations of Kubrick and what his films were meant to prioritise and mean, the pop culture phenomena “HAL” and the trope of evil machine/ robots and Artificial Intelligence, I came to understand the genesis of this science fiction much better. In the film - and you have to see it to understand what I mean - this is the first AI to elicit an emotional response from the audience in monotone. The first time an audience felt pity for a machine as it was unplugged, despite its tirade and its malfunction, Kubrick manages to make you feel sad, - to feel *pity* for something not real - “*Merciless is not the same as pitiless.*” (p.37). And Herr is right - to be ruthless in his portrayal of life and death, of humanity and AI throughout the film, did not mean that Kubrick had to be pitiless. The emotion and the care with which Kubrick constructs his characters - human and non-human, is genuine and real, and can be so because he is deliberate with each action and interaction. Everything in Kubrick’s film is on purpose - everything contains a beauty, and a meaning in it; in the biography, Herr clearly understands this about the films, and endeavours to bring it out in the best way he can.

The book is an absolute delight to read, and while it can be read quickly in a day - I believe it is intriguing enough to proffer a second, deeper reading, and has the opportunity to expand the ideas posited here further in both my (or anyone's) personal and academic endeavours. The book provides a good introduction to the inner realm of story-telling, humanity and at its base level, a historical insight to Hollywood's development. The injections of humour and exposition by Herr helps to keep the book an entertaining and enlightening read.

"An artist's isolation has nothing to do with physical circumstances in any way, with how publicly or privately he seems to be doing his work. It's more about tempo, intuition, experiment, and the kind of silence you don't come by easily these days, and not at all if you're passive. Out of this situation, the only situation he could tolerate, he made films of an incredible purity." (p.96)

Afterword

After reading the book, I was reminded of a quote I once read - a quote that, while long, encapsulates everything about Kubrick that Herr loved. When asked in an interview in 1968: "If life is so purposeless, do you feel that it's worth living?", Kubrick had this to say:

"Yes, for those of us who manage somehow **to cope** with our mortality. The very meaninglessness of life forces man to create his own meaning. **Children**, of course, begin life with an untarnished sense of wonder, a capacity to experience total joy at something as simple as the greenness of a leaf; but as they grow older, the awareness of death and decay begins to impinge on their consciousness and subtly erode their joie de vivre, their idealism - and their assumption of immortality. As a child matures, he sees death and pain everywhere about him, and begins to lose faith in the ultimate goodness of man. But if he is reasonably strong - and lucky - **he can emerge from this twilight of the soul into a rebirth of life's elan**. Both because of and in spite of his awareness of the meaninglessness of life, he can forge a fresh sense of purpose and affirmation. He may not recapture the same pure sense of wonder he was born with, but **he can shape something** far more enduring and sustaining. **The most terrifying fact about the universe is not that it is hostile but that it is indifferent**; but if we can come to terms with this indifference and accept the challenges of life within the boundaries of death - however mutable man may be able to make them - our existence as a species can have genuine meaning and fulfilment. **However vast the darkness, we must supply our own light.**"

In this one answer alone, Kubrick's answer brings to mind the works of Friedrich Nietzsche, and William Wordsworth in his observations on the meaning of life and the evolution of humans from childhood to growing up. Kubrick reflects life as succinctly here as he does in his films, too - a belief in humanity without compromising the difficulties of being alive and being human.

Writing discontent: The acid burn of the *Ministry of Moral Panic*

Ministry of Moral Panic

By Amanda Lee Koe

By Wong Jean

Three days after Taylor Swift first released her ninth album *evermore*, I met my friends for brunch at Jewel Changi Airport. They reached so late that brunch plans became lunch instead, so for the good part of an hour I went through the transcendental experience of listening to Swift's songs of lost love and yearning while walking through an almost empty Changi Airport Terminal 3.

Okay, yes - I am a big Swiftie. My main point is: looking back, I wished I'd packed Amanda Lee Koe's *Ministry of Moral Panic: Stories* instead. I read the book over the span of three days, in various places - on the Downtown Line, while walking (just for a short span of time, from the platform to the gantry), at home in front of my laptop after accidentally picking it up, and in bed just before sleeping. Each time I had to replace my bookmark and tuck the book back into my bag, I regretted not sitting down and finishing the book in one go. But maybe that's how *Ministry of Moral Panic* was meant to be consumed - in small bursts, like practicing for shuttle run. It is, after all, a collection of short stories, of which most are narratively distinct from each other.

Nevertheless, there's something about how Koe captures the *beingness* (I can't find a good word to describe it, but her characters feel dizzily real in the way meeting someone for the first time does) of each character that makes the book so irresistible. You know when you pick up a book and you read it, and in the back of your head you know that it's not real, but you still find yourself thinking, "oh gosh, this happened? I need to Google this..." or "woah, wonder if this is what happened to (name of acquaintance)"? That's the world *Ministry of Moral Panic* sucks you into - somewhere in between reality and truth, a temporality in which some things are *just* bizarre enough to be possible. It's a book that doesn't shatter your heart in one fell swoop, but slowly tugs at the aching gap in your chest, filling it with the unfulfilled hopes and dashed dreams of the stranger on the page. As my train pulled into Chinatown MRT, Sledge was teaching the Bear how to say "*lan jiao*" like a local in "Every Park on This Island"¹, and as I wedged my postcard-bookmark between

¹ The fifth short story in the book

reminiscences of grandmothers and dissections of Hokkien swear words, I was suddenly struck with the realisation that they were star-crossed lovers, doomed to part at the end of the semester.

Such is the nature of time – it slips away from us quicker than we can latch our grappling hooks of plans and timetables onto it, and a few pages later I am struck with Sledge’s realisation that “there are only twenty-six weeks in six months, and there’d always been fifty-six parks on this island”. A thirteen-week semester was never enough for their park pact, much like the artist’s “working” relationship with the curator.² Going back to the shuttle run metaphor: it’s like the lactic acid burn in your calves – you realise that Zurotul will never find the love she was made for, that a child is forever separated from her *ibu*³, that the waitress that had the fortune of serving the King of Caldecott Hill *oyako kamameshi* would have her life irreversibly changed, that perhaps Ling Ko Mui never loved her non-nasi-padang-eating dried goods merchant husband. The burn hurts, but you must finish the run because for a vulnerable moment you are Deddy Haikel, the eccentric Jenny or the ever-suffering Arlene, and despite what curveballs life throws at you there is always someone waiting on the other end, pregnant with the potential for grieving and yearning...

Ministry of Moral Panic and its fourteen short stories are described as “heartfelt and sexy” by the blurb on the back of the book – I don’t think I could think of better words to describe this book. There’s something very alluring about the almost-pain of intimacy, and *Ministry of Moral Panic* almost dares you to look away from its characters’ vulnerabilities and eccentricities, knowing that its stories are “unputdownable” (to quote the review by Humairah, printed in this version).

There is the question of the title. Why “Ministry of Moral Panic”? There is no Ministry mentioned explicitly, nor does any ministry body take the foreground in any of the stories. After some thought (and reading others’ reviews), I think it’s something to do with the discontent that permeates the book – there’s always something that is fatefully set in stone, or something *just* out of the periphery of a character’s grasp. There’s something unsettling about the situations that these characters find themselves in, whether it be Alice and Jenny’s large age gap or the psychiatrist’s mental dilemma in “Chick”⁴. The narratorial voice does not shun this turbulence – it talks about difficult things in a way that seems almost easy, embracing troubles with an honesty that makes your heart ache long after you finish the book.

The book opens with an epigraph from what I have since found out is a controversial piece on Singapore – William Gibson’s [“Disneyland with the Death Penalty”](#). I’m not sure if Koe means for this to be a pushback against Gibson’s acerbic criticism of Singapore’s sterile, unimaginative state, kind of like a croaked cry to look between the gaps of this manicured city in order to see the life within. Or maybe the epigraph is a tacit acceptance that there is still uncertainty and instability in a country that prides itself on plans and preparedness, and the stories in this book are testament to that impossibility of pleasure that Gibson’s taxi driver alluded to. Whatever Amanda Lee Koe meant, I am unsure and remain speculative, but I do know that the cumulative losses of her characters still sit heavily in my stomach: a deep heartburn for a homeland, *my* homeland.

² In the second short story, titled “Carousel & Fort”

³ “mother” in Bahasa Melayu

⁴ The eleventh short story in the book

Cherokee Medicine Man: The Life and Work of a Modern-Day Healer

by Robert J. Conley

A Book Review

By Vu Hue Minh

This book is a collection of short stories of the patients who have been cured by John Little Bear, a native American who works as a medicine man. Beginning with a brief summary of the Cherokees and the origin of the medicine, the book then features a short interview with Little Bear and captures a series of personal anecdotes from his patients. John Little Bear is a Cherokee currently living in Oklahoma, USA. Growing up in the Cherokee County, John Little Bear was chosen to inherit traditional medical knowledge from his grandmother, a famous healer among the Cherokee community. For Little Bear and other Cherokee medical practitioners, their medicine is about helping people. Thus, they diagnose and cure problems in all aspects of life: health, relationship, work, finances, etc. I find this interestingly similar to many other tribal cultures, where medicine men are considered one of the most respected people, whom everyone would come for advice.

One thing to take note of when reading this book is that it is not written to convince the readers that Cherokee medicine is all-powerful, magical, and that its practitioners can solve all problems. The main purpose of this book, according to Little Bear when he requested Conley to write a book for him, is to inform the world about Cherokee medicine: "This book is intended only to give the reader a basic understanding of the nature and purpose of Indian medicine. That is all." Thus, the book does not detail any recipe, formulae or how-to instruction. The writer does not ask his readers to believe in his stories. This comes as a surprise to me because I expected to be convinced by the book and to learn much more about the details of Cherokee medicinal practices. The value of this book lies in the real stories told by people who seek help from Little Bear. The book does not try to glorify Cherokee healers by telling idealized recovery stories. It portrays real people and real events that happened: both successful stories when patients were completely cured and unfortunate stories when problems were not yet solved. This was another exciting surprise for me because I did not expect any unsuccessful stories to be featured, much like in most biographies about well-respected people. This, however, strengthens the authenticity of the stories told. What this book does really well is that it delivers a realistic portrayal of a modern Cherokee medicine man and his day-to-day work. Moreover, I really like the well-balanced anecdotes of Little Bear's both

successful, and failed attempts because it portrays a well-respected man who is humble and not afraid to admit his shortcomings. Besides Little Bear's life and work, the book also gives insight into his main medical practices and how they work. Indeed, as a science student, I do find some of the treatments and results implausible, but I grew to appreciate the stories for what they are.

On top of focusing on the medical aspect of the Cherokee medicine man's job, this book does offer a glimpse into some major characteristics of the Cherokee culture. For example, menstruation is considered "dirty" and can make men sick. Interestingly though, ancient Cherokee people used menstrual women to chase away monsters. Another example is the belief that heat can be used for detoxification, which can be seen in the use of the sweat. This is surprisingly similar to a common traditional treatment in Vietnamese medicine.

I would recommend this book to someone who is looking for a light and fun read. Those who are looking for a new topic, especially one on culture, can definitely check this out. It may not be the book with the best writing and it is definitely not one of those books with a "wow" factor that will change your mind completely. However, it does provide a pleasant, relaxing, and yet informative read. As someone who has not read for a long time and wants to read again, this book is a short and sweet first step for me to start immersing myself in the world of others and learning more about their stories.

Be an Economist: Predicting China in 2014 Using the Lens of 2004

The Rise of The Chinese Consumer: Theory and Evidence

by Jonathan Garner, Organisation: Credit Suisse

by Teo Zhi Feng

Introduction

Quote

The message of this book is that Chinese consumers have not only woken up and stood up but that in increasing numbers they are getting rich and starting to spend (p. xiii).

In 2004, Chinese consumers appeared to be a “marginal force in global consumption spending” (p. 3). However, research conducted by Credit Suisse forecasted that by 2014, Chinese consumers would surpass American consumers as the drivers of global economic growth. *The Rise of The Chinese Consumer* summarises the analysis and projections made by the Credit Suisse team regarding Chinese consumer habits. Inspired by the nature of the research, you will get to explore some of the analysis made about China’s economic outlook from the lens of 2004 and take a guess how close the projections made by the Credit Suisse research were to reality in 2014.

China’s Economic Performances

To project China’s consumer consumption in 2014, the Credit Suisse research first made several assumptions about China’s economy, in particular about (i) China’s exchange rate relative to the United States (US) dollar, (ii) gross domestic product (GDP) growth, and (iii) consumption to GDP ratio.

Revaluation of the Yuan

Concept: Gross Domestic Product (GDP)

GDP measures the monetary value of final goods and services produced in a country within a given period of time.⁵ It calculates the amount of final goods and services (i.e. goods and services that can be consumed by end users) that are produced in a country in the specified time period (typically a quarter or year).

In 2004, China's aggregate household consumption spending was estimated to be US\$704 billion. This seemed inconsiderable when compared to the US and the world – it accounted for merely 9% of the US and 3% of global consumption spending. Furthermore, its GDP of US\$1.6 trillion was ranked only seventh in the world in terms of US dollar, behind the US, Japan, Germany, United Kingdom, France and Italy. Compared to the US, China's economy was almost seven times smaller in terms of the market exchange rate.

Concept: Purchasing Power Parity (PPP) Exchange Rate

Purchasing power parity provides a common unit of measure to compare between different countries using a common basket of goods and services.⁶ Consider two hypothetical countries – A and B. Theoretically, if the PPP exchange rate is 1 A dollars: 3 B dollars, this means that a specified common basket of goods and services costs \$1 in A and \$3 in B.

PPP exchange rate is often compared to the **market exchange rate**. The market exchange rate refers to the value of one country's currency relative to another country.⁷ One market exchange rate we Singaporeans often look at is SGD/MYR. If we look at data on 01 Jan 2021, 3.04343 means that 1 SGD can be exchanged for 3.04343 MYR (assuming no additional fees).



If the market exchange rate is 1 A dollars: 5 B dollars, this indicates a possible overvaluation of A dollars. This is because \$1 in A can be exchanged for \$5 cash but can only purchase \$3 worth of goods and services in B. Theoretically, in the long run, the market exchange rate between the two countries should be close to the PPP exchange rate.

⁵ <https://www.imf.org/external/pubs/ft/fandd/basics/gdp.htm>

⁶ <https://ourworldindata.org/what-are-ppps>

⁷ <https://www.investopedia.com/terms/e/exchangerate.asp>

⁸ <https://www.xe.com/currencyconverter/convert/?Amount=1&From=SGD&To=MYR>

However, this was not reflective of China's economy. One important consideration was China's exchange rate policy. When we consider its GDP in PPP terms, China was already the second largest economy and was 62% of the US economy. Since 1994, China maintained a currency peg of around RMB8.28:US\$1 until 2005. Keeping their currency low compared to other countries helped China to stimulate economy growth driven by exports.

However, GDP figures are calculated in US dollars by convention. The undervaluation of its currency consequently translated to low GDP figures for China compared to other countries. In fact, the yuan was only valued at 0.2 of its PPP exchange rate. Should there be a major revaluation of the Chinese yuan, one would expect the size of China's economy to increase drastically by 2014.

Concept: Market Exchange Rate and Currency Peg

What does it mean for Chinese yuan to be pegged to the US Dollar? The market exchange rate is determined by demand and supply of the currencies. In the USD/CNY market, one US dollar can be exchanged for 8.28 yuan when China maintained a currency peg.⁹

When China sells its products to the US (i.e. exports), the demand for yuan will increase for consumers to pay China producers for their products. This higher demand will cause the appreciation of the yuan against the dollar, forcing the yuan to fall below 8.28. Intuitively, this means that the yuan is now relatively more expensive as one US dollar can be exchanged for lesser amounts of yuan (like RMB6.4:US\$1 in December 2020).

Consequently, the strengthening of the yuan will make Chinese products relatively more expensive. This will hurt China's export revenue and in turn its GDP.

In 2005, China came under pressure from its trading partners and began allowing for the appreciation of the yuan. This resulted in the appreciation of the yuan, causing the RMB/USD to fall below 8.28.



⁹ <https://www.investopedia.com/articles/forex/030616/why-chinese-yuan-pegged.asp>

While the yuan was valued at 0.2 of its PPP in 2004, the Credit Suisse research assumed a revaluation of the yuan against the US dollar based on different scenarios:

- In the base case, it was estimated to rise to 0.5 of its PPP level.
- In the best case, it was estimated to rise to its PPP level (full revaluation).
- In the worst case, there was no revaluation.

Be an Economist Q1

Compared to Credit Suisse's projections, how much do you think the yuan revalued in 2014?

- A) Lower than 0.5 of its PPP level
- B) Around 0.5 of its PPP level
- C) More than 0.5 of its PPP level

According to the World Bank,¹⁰ China's exchange rate was 0.612 of its PPP level in 2014. Answer: C.

¹⁰ <https://data.worldbank.org/indicator/PA.NUS.PPPC.RF?end=2019&locations=CN&start=1990&view=chart>

Expectation for China's Economic Growth

China's GDP per capita grew at an astonishing rate in the 1990s and early 2000s. From 1950 to 1973, the average growth rate of GDP per capita was 2.9% per annum. This rose to 6.4% in the 1990s and 7.6% in the early 2000s. How did China achieve such growth? Utilising the framework from Angus Maddison's¹¹ paper on "Casual Influences on Productivity Performance 1820-1992: A Global Perspective",¹² the Credit Suisse research considered six factors that might affect China's economic growth:

1) Rural/urban migration

Concept: Total Factor Productivity

Total factor productivity measures the productivity of an economy by dividing total output by the weighted average of inputs such as labour and capital.¹³

Productivity is an important contributor to economic growth. Having labour and capital may not be sufficient for long-term economic growth - it is important for them to be utilised efficiently.

Globally, the movement of people from rural to urban cities accelerated economic growth for many countries. Moving away from the traditional agricultural industry, the influx of labour into urban cities fuelled the growth of the manufacturing and services industries, which spurred economic growth due to higher total factor productivity. This was observed in China as well, where the percentage of population employed in agriculture decreased from about 78% in 1950 to 50% in 2000.

Be an Economist Q2

Can you guess what was the percentage of China's population employed in agriculture in 2014?

- A) Less than 10%
- B) 10% to 25%
- C) 25 to 50%
- D) More than 50%

According to the World Bank,¹⁴ 29.5% of China's population was employed in agriculture in 2014. Answer: C.

¹¹ Angus Maddison is a distinguished economist in the field of economic history. He is known for his works in reconstructing historical economic performances of countries and served on advisory roles to several developing countries. Read more about it here: <https://www.economist.com/finance-and-economics/2010/04/29/maddison-counting>.

¹² <https://link.springer.com/article/10.1023/A:1007763404305>

¹³ <https://xplained.com/692231/total-factor-productivity>

¹⁴ <https://data.worldbank.org/indicator/SL.AGR.EMPL.ZS?locations=CN>

2) Investment in physical capital stock

Concept: Physical Capital Stock

Physical capital stocks refer to “tangible, man-made goods that assist in the process of creating a product or service”,¹⁵ which includes buildings, machines and equipment. In economics, they are one of three factors of production – capital, labour and land – used for the production of goods and services.

China made heavy investments in physical capital stocks. From less than 300 billion yuan in 1985, investment in capital stocks increased to 5 trillion yuan in 2003 and was projected to rise rapidly. Notably, the proportion of investments made by private entities nearly doubled between 1985 to 2002. The higher private sector involvement over the years was a positive development for the country considering its once closed-door policy to trade.

Be an Economist Q3

Can you guess what was the value of China’s total investments in capital goods in 2014?¹⁶

- A) Less than 25 trillion
- B) 25 to 50 trillion
- C) 50 to 75 trillion
- D) More than 75 trillion

According to the National Bureau of Statistics of China,¹⁶ the investment in capital goods in 2014 for China is 51 trillion yuan.
Answer: C.

However, these investments did not translate to significant economic growth due to their disappointing returns. Despite a rally in the early 1990s, returns of investments for the economy fell from around 55% in 1991 to less than 25% in 2002. This can be attributed to the classification of certain government spending as investment expenditures, which was estimated to account for up to 5 to 10% of the GDP. To support spending by unprofitable state-owned enterprises in manufacturing and infrastructure projects, state-owned banks accumulated significant amounts of nonperforming loans, weakening the stability and credibility of its financial system. Consequently, profits were concentrated in industries protected by the government as well in the commodities and energy sectors. These sectors accounted for 48.1% of total profits in 2003, compared to 6.6% and 2.4% by the industrial and financial sectors respectively.

Furthermore, despite the heavy investment, private Chinese entities were underperforming compared to other economic powerhouses. When we consider China’s equity market, net profit of Chinese firms was US\$37.4 billion, which was significantly lower than the US (US\$514 billion), the European Union (US\$319 billion) and Japan (US\$62 billion).

¹⁵ <https://www.investopedia.com/terms/p/physical-capital.asp#:~:text=In%20economic%20theory%2C%20physical%20capital,and%20uses%20to%20produce%20goods.>

¹⁶ <http://www.stats.gov.cn/tjsj/ndsj/2015/indexeh.htm>

3) Technological change and the role of foreign direct investments (FDI)

China was increasingly open to foreign investments. In 1990, FDI was valued at less than US\$5 billion. By 2003, it increased nearly 11 fold to US\$55 billion. In fact, amongst the emerging markets, China had received a greater proportion of global FDI, from approximately 4% in 2000 to 10% in 2003. As China moves from labour-intensive to capital-intensive industries, China's willingness to grant foreign companies access to domestic markets allowed for technological transfer into the country. This was essential for China to "move up the value-added chain" and develop higher value-added industries.

4) Openness to trade and exports

While China's contribution to global trade fluctuated over time, their role in global trade was becoming more significant. In 2003, China was already the world's fourth largest exporter. With a competitive advantage in low- to middle-skilled labour, China has traditionally dominated the production of low value-added goods. Nevertheless, it experienced high growth rates in numerous high value-added goods. For instance, China's exports of computer and telecommunications equipment grew by 417.8% and 248.9% respectively between 1999 to 2003.

Be an Economist Q4

Can you guess what was China's largest export product group in 2014?

- A) *Textile and clothing*
- B) *Metal*
- C) *Machines and electronics*
- D) *Plastic and rubber*

According to the World Bank,¹⁷ machines and electronics¹⁸ was the largest export product group, accounting for 41.4% of total exports in 2014. Answer: C.

Furthermore, China was also the world's seventh largest importer. China was constrained by natural endowments to a certain extent, which necessitated the import of certain commodities. For instance, it became the fourth largest net importer of oil and a significant importer of iron ore. Over the years, the import of commodities had increased to support its industrial activities.

However, China's current trade patterns might not be sustainable in the long run. Firstly, for many primary commodities, Chinese companies lacked bargaining power and would have to accept the market prices. This would create uncertainty over the cost of production. Secondly, China was faced with limited pricing power for its current exports of low value-added goods. For long term economic growth, there was a need to develop its industries for high value-added goods with greater pricing power and hence economic profitability.

¹⁷ <https://wits.worldbank.org/CountryProfile/en/Country/CHN/Year/2014/TradeFlow/EXPIMP/Partner/WLD/Product/All-Groups>

¹⁸ Several homegrown brands were already gaining prominence around the world. Be it computers (like Lenovo), smartphones (like Xiaomi and Huawei) or e-commerce (like Alibaba), Chinese companies were dominated and even outdoing several powerhouses in the global arena. Read more about it here: <https://www.theguardian.com/world/2014/jun/03/chinese-technology-companies-huawei-dominate-world>.

5) Development of human capital

China has also been developing their human capital rapidly. In terms of education, there were significant improvements in school enrolment. Secondary school enrolment increased from 48.6% in 1990 to 68.2% in 2000 in the relevant age group. In the same period, enrolment in tertiary institutions increased from 3% to 12.7%. However, this remained to be far from the US where primary and tertiary school enrolment accounted for approximately 90% and 70% of the relevant age groups.

Furthermore, China's healthcare expenditure per capita remained low over the years. This could potentially have adverse effects on the quality and productivity of the labour force.

<p><i>Be an Economist Q5</i> <i>Can you guess what was China's total tertiary school enrolment in 2014?</i></p> <p>A) <i>Less than 20%</i> B) <i>20% to 40%</i> C) <i>40% to 60%</i> D) <i>More than 60%</i></p>	<p><i>According to the World Bank,¹⁹ 42.4% of the total population had tertiary education in 2014. Answer: C.</i></p>
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6) Institutional context

Maddison argued that economic growth is often constrained by institutions such as the stability of financial markets and public organisations. The absence of corruption is pivotal in ensuring strong institutions within the economy. Corruption jeopardises the cost and confidence in conducting business, which in turns compromises investment spending and ultimately economic growth.

The Transparency International Corruption Perceptions Index (CPI) is a measure to evaluate the degree of perceived corruption amongst government officials. With 0 representing the most extensive and severe corruption and 10 representing zero corruption, China has a CPI score of 3.4 in 2003. Despite having improved over the years, China lagged behind global leaders like the US, Germany and Japan (with scores of 7 and above) and other Asian countries like Malaysia and Taiwan (with scores above 5). This could have been regarded as a potential hurdle to attaining higher economic growth.

Considering the six factors above, the Credit Suisse research assumed China's GDP growth to rise in 2014 based on different scenarios:

- In the base case, it was estimated to rise by 7% per annum over 10 years.
- In the best case, it was estimated to rise by 9% per annum over 10 years.
- In the worst case, it was estimated to rise by 5% per annum over 10 years.

¹⁹ <https://data.worldbank.org/indicator/SE.TER.ENRR?locations=CN>

Be an Economist Q6

Compared to Credit Suisse's projections, what do you think China's average GDP growth per annum was between 2004 and 2014?

- A) Lower than 7%
- B) 5 to 7 %
- C) Around 7%
- D) 7 to 9%
- E) More than 9%

According to the IMF,²⁰ China grew by an average of 10.07% per annum between 2004 to 2014. Answer: E.



²⁰ https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEO_WORLD

Domestic Consumption as a Proportion of GDP

Statistically, there has been a positive relationship between economic growth and consumption. According to the International Monetary Fund (IMF) and World Bank's data, as well as Credit Suisse's projections, domestic consumption as a proportion of GDP increases for intermediate- and high-income countries as GDP rises. This trend was observed in several developed countries like the US, United Kingdom and Japan. Consequently, higher domestic consumption – albeit with a good balance of consumption and investments to avoid overheating – would in turn contribute to higher economic growth for the country.

The Credit Suisse research assumed China's consumption-to-GDP ratio to change from the current 44% based on different scenarios:

- In the base case, it was estimated to rise by 5.5% to 50%.
- In the best case, it was estimated to rise by 15.5% to 60%.²¹
- In the worst case, there was no change.

Be an Economist Q7

Compared to Credit Suisse's projections, what do you think China's consumption-to-GDP ratio in 2014 was?

- A) Less than 44%
- B) 44 to 50%
- C) Around 50%
- D) 50 to 60%
- E) More than 60%

According to the National Bureau of Statistics of China,²² its consumption to GDP ratio was 37.7% in 2014.
ANSWER: A.

²¹ The global mean for consumption-to-GDP ratio is 60%.

²² <http://www.stats.gov.cn/tjsj/ndsj/2016/indexeh.htm>

China's Economy in 2014

Quote

We therefore conclude that the US\$ size of China's economy will almost quintuple via the combined effect of underlying growth and revaluation over the next 10 years (p. 10).

Using the assumptions in the base case, the Credit Suisse research made several projections about China's economy and consumption habits in 2014. Let's see if you can guess how accurately they reflected reality!

- 1) China's GDP will grow by almost five times from US\$1.6 trillion to US\$7.5 trillion.

Be an Economist Q8

Compared to Credit Suisse's projections, what do you think was China's GDP in 2014?

- A) *Less than US\$2.6 trillion (Projection for worst case)*
- B) *US\$2.6 trillion to US\$7.5 trillion*
- C) *Around US\$7.5 trillion*
- D) *US\$7.5 trillion to US\$16.4 trillion*
- E) *More than US\$16.4 trillion (Projection for best case)*

*China's GDP in 2014 was
US\$10.476 trillion.²³
Answer: D.*

Concept: Compound Annual Growth Rate (CAGR)

CAGR refers to the mean annual growth rate over a specified period of time. As growth rates fluctuate every year, CAGR is useful to determine the change over a period of time. Furthermore, it is compounded, which helps to smooth out volatility.²⁴

Formula for CAGR:

$$CAGR = \left(\frac{\text{final value}}{\text{initial value}} \right)^{1/t} - 1$$

Take the following as an example:

Year 1: \$100

Year 2: \$80 (Growth rate = -20%)

Year 3: \$72 (Growth rate = -10%)

Year 4: \$162 (Growth rate = 225%)

While the average annual growth rate is 65%, the CAGR is 17.4%.

²³ <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD?locations=CN>

²⁴ <https://www.investopedia.com/terms/c/cagr.asp>

- 2) China's consumption spending will increase from US\$704 billion to US\$3.7 trillion, which results in a CAGR of 18%.

Be an Economist Q9

Compared to Credit Suisse's projections, what do you think the CAGR for China's consumption spending was in 2014?²⁵

- A) Less than 5% (Projection for worst case)
- B) 5% to 18%
- C) 18% to 30%
- D) More than 30% (Projection for best case)

CAGR for China's consumption spending was about 17% between 2004 to 2014.²⁵ Answer: B.

- 3) China's consumption spending will represent 37.3% of US consumption spending and 10.5% of the global consumption spending.

Be an Economist Q10

Compared to Credit Suisse's projections, what do you think China's consumption spending as a proportion of US consumption spending was in 2014?²⁶

- A) Less than 11% (Projection for worst case)
- B) 11% to 37%
- C) 37% to 60%
- D) 60% to 98%
- E) More than 98% (Projection for best case)

China's consumption spending is about 32.5% of US consumption spending in 2014.²⁶ Answer: B.

Given the above-mentioned projections in the base case, the Credit Suisse team predicts that consumption spending by Chinese consumers would grow significantly faster than that of American consumers by 2014, thereby making them "the engine of growth in the global economy" (p. 3). For businesses, they predicted that "a global products company operating in China whose business is performing in line with that of a market as a whole might anticipate top line sales growth of 18% year-on-year compound on a sustained basis" (p. 15).

In retrospect, how did this projections fare? From the "Be an Economist" questions above, we see that base case projections were rather accurate. On average, China's economy grew faster than expected. In fact, according to Euromonitor International,²⁷ China overtook US as the world's largest economy in 2014.

Furthermore, China's consumption spending increased much faster as compared to the US, which registered a CAGR of 3.7% for consumption spending in the same period.²⁸ However, based on the data I could find, American consumers continued to be the most significant driver for the global economy in 2014. American consumers contributed an additional US\$506 billion to the global

²⁵ <https://www.macrotrends.net/countries/CHN/china/consumer-spending>

²⁶ <https://www.macrotrends.net/countries/CHN/china/consumer-spending>

²⁷ <https://www.iimk.ac.in/libportal/reports/China-Overtakes-US-Worlds-Largest-Economy-White-Paper-Euromonitor-Report.pdf>

²⁸ <https://www.macrotrends.net/countries/USA/united-states/consumer-spending>

economy as compared to only US\$416 billion from Chinese consumers. This differs from the Credit Suisse research which projected an annual increment in consumer spending of US\$262 billion and US\$524 billion for American and Chinese consumers respectively. Nevertheless, in 2019, China was on track to become the world's top consumer goods market.²⁹

Fast forward to today in 2021. In recent years, China has been experiencing economic challenges of its own.³⁰ This has been exacerbated by trade war with the US and COVID-19, which has brought about adverse impacts to countries around the world. One would expect the long-term outlook, both for the world and for China, to remain volatile and uncertain.

Further Reading

Besides the analysis on China's economic outlook in 2014, *The Rise of The Chinese Consumer* also explores the likely future trends for 12 different categories of products and services. One may be interested in their proprietary survey on over 2,700 Chinese consumers across eight different cities to understand their lifestyle and spending habits. Besides the Credit Suisse research, there are other interesting research conducted by Goldman Sachs³¹ and McKinsey³² on Chinese consumers and their role in the global economy. Interested to find out more? Head over to the Reading Room and loan the book now!

²⁹ <https://asia.nikkei.com/Economy/China-to-surpass-US-as-world-s-biggest-consumer-market-this-year>

³⁰ <https://www.bbc.com/news/business-52754782>

³¹ <https://www.goldmansachs.com/insights/macroeconomic-insights/growth-of-china/chinese-consumer/index.html>

³² <https://www.mckinsey.com/featured-insights/china/china-consumer-report-2020-the-many-faces-of-the-chinese-consumer#>

The Last Word

Hi there! I hope you've enjoyed reading all the reviews written by your fellow Tembusians. As I explained in the genesis (the first chapter of this short collection), I really had little to no idea what I wanted from my friends, and what I expected to come of this short project. I only knew that I wanted to reignite that intellectual curiosity buried in myself, and in those who have lost it slightly over the course of entering modules with endless readings or time-consuming codes that have caused the bright light of knowledge and verve in us to dim ever so slightly.

In writing these reviews and essays, it was my hope that people would feel inspired, or at least slightly curious, to come down to the Reading Room once again and explore the unknown - and be unintimidated in doing so. Reading, after all, is not just for Literature majors and Humanities scholars, but for everyone who wishes for - well, anything. Books can guide you to your wildest dreams, help you build a better life - or even just provide an escape for one fleeting, beautiful moment. The books in the room await you, and are excited to be read again. The knowledge trapped in the room is bursting with anticipation of new innovators to take their ideas and soar once again.

P.s. please do not be afraid of the Reading Room Librarians!! They are a friendly bunch, and are really just there to make sure you have company in the room as you read for leisure, or do your work and research!

On the Contributors



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Four years in Tembusu and she finally initiated her own project under her own name.



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All images in this book were taken by Min Si in her bedroom. She was too lazy to credit online sources.