

Four outcomes pundits expect from the Fed meet

ECONOMY

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There are four major things to keep in mind when the US Federal Reserve's policy-making committee meets this week to decide what, if anything, to change in its approach to supporting the economic recovery.

THE CONTEXT

The majority view at the Fed is that a healing US economy is gradually approaching "liftoff", and that the economic weakness experienced earlier this year can be attributed largely to unseasonably cold weather. Because policy makers believe the pickup

in growth is likely to happen in an economy that has been operating below potential, the Fed isn't very concerned about inflationary pressure. If anything, the worry is that inflation could be too low.

The Fed's post-meeting statement will provide updated insights on officials' comfort with this contextual characterisation, with a fuller picture emerging when the minutes of the meeting are released three weeks later. In the meantime, don't expect any dramatic changes in the Fed's assessment of the economy, positive or negative.

POLICY DECISIONS

Given the Fed's relatively sanguine outlook, expect it to continue the gradual phasing out of its extraordinary bond-buying programme, known as quantitative easing. Specifically, it will probably announce a \$10 billion reduction in its monthly purchases of US Treasuries and mortgage-backed

securities, to \$45 billion a month.

Although the Fed will undoubtedly reiterate its willingness to change course if necessary, this will do little to dislodge consensus market expectations of a total exit from quantitative easing later this year. Indeed, only a major economic surprise — and, I stress, major — would alter the current policy course.

Look for the Fed to hold its short-term interest-rate near zero, and to provide additional guidance on the future course of enhancing transparency. Such forward guidance includes more holistic measures of the labour market, as opposed to the unemployment rate alone, and a move toward putting greater emphasis on inflation metrics.

All this will be done in the context of an important pivot from a target-based approach to an objective-based one.

MARKET REACTIONS

The big question is not whether the Fed will still come across as generally dovish. It most probably will. The real question is how markets will react to the inherent short-term uncertainty engendered by the shift in the underpinnings of forward guidance — a pivot that major segments of the fixed income markets have started to understand, but that other market segments still haven't grasped.

PERSONALITIES

This week's meeting will probably be the last for Fed Governor Jeremy Stein, who is returning to Harvard University. Gov Stein will be remembered for pointing out the dangers that excessive risk-taking in financial markets can pose, particularly when aided by long periods of artificially low interest rates. It will be interesting to see whether this issue is given any greater

prominence at the Fed this week, particularly given the increasingly slim expected compensation that yield-hungry investors are willing to accept for taking on credit, volatility and liquidity risk.

The bottom line: Don't expect major surprises from the Fed this week. The good news is that the Fed will do its utmost to communicate as clearly as circumstances permit. The challenge for markets — as Mario Draghi, the president of the European Central Bank reminded us last Thursday — is that "despite these efforts to enhance transparency, the predictability of the past will not readily return". ©2014 BLOOMBERG VIEW

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COMMENTARY
Sanitsuda Ekachai



Rogue monks are here for the long haul

The controversial Phra Yantra is back. Despite his past scandals over sexual relationships with female followers, a series of lies, and his refusal to accept the late Supreme Patriarch's order which expelled him from the monkhood, many still flocked to him when he returned to his hometown in Nakhon Si Thammarat's Pak Panang district early this month.

Others, however, are not happy with that. They view the return of Yantra aka Winai La-ongsuwan, 60, as proof of how easy it is for rogue monks with money power to escape legal punishment.

Just flee overseas, enjoy one's accumulated wealth, continue to use old tricks to attract new followers, and wait for the statute of limitations to expire.

Actually, this is exactly what another controversial monk, Nen Kham Chat-tiko aka Wirapol Sukphol, did last year when he faced lawsuits and a disrobing order. His misconduct as a monk included having sex not only with many women but also with a minor, fathering a child, and living a life of luxury and vice through temple corruption.

Like the former Phra Yantra, the former Nen Kham is reportedly living comfortably in the United States as a "religious teacher".

The news of Yantra's return followed closely after the latest temple scandal concerning a monk who lives a life of a sexually active transgendered woman after dark — not an isolated incident but a growing phenomenon in temple life.

It later turned out that the monk who exposed his peer's secret life might be involved in a blackmail attempt. He also admitted telling lies about the transgendered monk he attacked.

Incidentally, not one clergy elder raised an eyebrow over this scandal which keeps eroding public faith in the monastic society.

What should we do? What should we do when some people believe the former Phra Yantra should face legal action again because he is no longer a monk but continues to dress almost like one?

What should we do when one small survey reveals that about 10% of monks are actually transgendered women?

What should we do when temple corruption has become a fact of life in the monastic community from top to bottom?

What should we do when the clergy is totally impotent in keeping monks in line with monastic codes of conduct?

Here are my thoughts. First, forget about going after the former Phra Yantra. That is harassment.

For starters, he is no longer a monk under the Thai Theravada system. The clergy no longer has power over him. The constitution also ensures religious freedom. If people like his style of teaching — admit it, his is more effective than mainstream sleep-inducing traditional sermons — it is their right to learn from him.

Before the advent of autocratic Sangha law, monks and temples were under social control from local communities. Now, abbots have complete control over temple money without external monitoring. This is a recipe for corruption.

It is also a recipe for widespread but unspoken sexual abuse in temples.

Here, we are talking about a male-only society with minors as novices and temple boys in subordinate roles to monks. Without proper supervision, minors can easily be sexually violated under unequal power relations.

But this is all a hush-hush issue thanks to the culture of silence due to face saving and the temples' closed system under the abbot's absolute control.

My gut feeling tells me there might be correlations between the increasing number of transgendered novices and sexual abuse by senior monks. But the information we have is anecdotal, not scientific and conclusive.

If we want to solve sexual abuse in temples, we need to know more of what is really happening. The information will not only point to what measures to take. More importantly, it will trigger public outrage and pressure for Sangha reform.

I'm sure one of the main problems is the preceptors' failure to fulfill their duties. According to the monastic codes of conduct, the preceptors must strictly screen those eligible for ordination. Preceptors also have the duty to provide close spiritual training for at least five to 10 years until their disciples can leave their supervision.

Now, one just pays for the ordination ceremony and exploits the saffron robes the way one likes.

Whatever is plaguing the clergy — be it temple corruption or sexual conduct — nothing can be done short of Sangha reform. Let's admit it, as long as the clergy remains deeply feudal and authoritarian, rogue monks are here to stay.

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Local Concerns: Missing Activist

PARITTA WANGKIAT

To save forests, protect their guardians

While forest authorities have failed miserably to protect land from big money and corruption, they have made indigenous forest dwellers the scapegoats of deforestation, despite the fact that these people have been living on this land for generations.

More than 350,000 hilltribe people are living along the western Thai-Myanmar border from Chiang Rai and Mae Hong Son up North to the western provinces of Ratchaburi and Phetchaburi. The majority of them are ethnic Karen who settled in the mountainous forests long before the areas were demarcated as national parks.

Their simple lifestyles and age-old traditional knowledge about how to live in harmony with their natural surroundings explain why their forests remain relatively healthy and why they have been declared protected areas.

The Karen rotational farm system, or shifting cultivation, for example, allows old plots to regenerate before the Karen return to till the land again in a cycle that can last between three to 10 years. The fallow period allows the forest to remain generally healthy.

Yet, forest authorities have lambasted this farming system as environmentally destructive "slash-and-burn" land clearing.

They also revile ethnic Karen as enemies of the forest, labelling them "illegal aliens". Forest officials' deep prejudice against the Karen people resurfaced last week with the mysterious disappearance of prominent Karen activist Porlajee "Billy" Rakchongcharoen, 31, from Kaeng Krachan National Park on April 17.

He was last seen being captured by the park's chief Chaiwat Limlikitaksorn for allegedly possessing a wild honeycomb and six bottles of wild honey. Witnesses claim the grassroots activist was released from police custody.

Mr Chaiwat, who often called the Karen "aliens", has been sued by Mr Porlajee and his villagers in Ban Bangkloy for his leading role in destroying and burning the houses and property of more than 20 Karen families living in the park.

Mr Chaiwat often describes the Karen as illegal immigrants and forest encroachers, even though their ancestors had been living in the area for over a hundred years before the declaration of the Kaeng Krachan National Park in 1980. Many of them also have Thai nationality.

He blames the Karen for applying slash-and-burn farming inside the park, but many studies have shown that the Karen's shifting cultivation is both ecological and sustainable.

Amid public attention over the



Mr Porlajee is involved in a lawsuit against park chief Chaiwat Limlikitaksorn.

disappearance of Mr Porlajee, Mr Chaiwat took a group of journalists on helicopters last Thursday for a bird's eye view of "forest encroachment".

To city people's eyes, there is no difference between a plot under shifting cultivation and slash-and-burn farming. The report does not take into consideration the Karen way of life, and will most likely deepen prejudice against ethnic hill peoples and even mislead many to think the Karen of Baan Bangkloy deserve to be punished.

Deep prejudice against indigenous peoples has been long cultivated in Thai society, resulting in widespread violations of their human rights.

When I was at junior high school, a social studies class taught me that hilltribe people, including the Karen, are destroyers of forests due to their slash-and-burn techniques. I remember this incorrect information was included in a multiple choice test at the end of the semester.

This prejudice allows forest authorities to centralise their power in natural resources management with no local participation.

The monopoly of state power — and its inefficiency — has encouraged illegal logging, wild animal smuggling and unlawful construction projects in our forests because local communities have no chance to counter them or monitor the authorities' performance.

The local people who oppose these illicit activities often put their lives at risk. Mr Porlajee is one of them.



Pinnapa Pruksapan, wife of Karen activist Porlajee 'Billy' Rakchongcharoen, who disappeared after being arrested by park officials on April 17, and their children hold up placards at Petchaburi City Hall, calling for state assistance to find him. KOSOL NAKACHOL

His disappearance is just the tip of the iceberg.

His community's struggle to protect their homes in Kaeng Krachan National Park is just one example of the hardship which local communities suffer due to autocratic forest management. The Karen hill people are among millions living in forests facing violent evictions. Being forest dwellers, however, they are the weakest targets.

The indigenous peoples are protected by Thai laws. But, in reality, their rights are routinely violated.

In 1966, Thailand signed and ratified the UN's International Covenant on Civil and Political Rights to respect the rights of individuals. The move led to endorsement of community rights in the 1997 Constitution. This right is also reinforced in the 2007 Constitution, which states that local communities have the right to conserve and restore their customs, traditional knowledge, arts, and ways of life.

As individuals, they also have the right to participate, in conjunction with the state and communities, in the conservation, preservation and exploitation of natural resources in sustainable ways.

The law also endorses the right of a community to sue state

agencies, state enterprises and local government organisations.

On Aug 3, 2010, the cabinet issued a resolution to restore the Karen way of life in a bid to solve decades of human rights problems caused by misunderstanding of Karen culture.

The resolution includes the revoking of forest zones that overlap with Karen communities and public dissemination of correct information on Karen culture, such as shifting-cultivation farming. These mandates remain unenforced.

Last year, Karen people in the mountainous Mae Jaem district of Chiang Mai staged a protest against the Yingluck government's plan to build a 2.3-billion-baht dam on the Mae Jaem River which will flood parts of the forests and many Karen villages.

The dam scheme is just one of many examples of the government's top-down policy that does not respect communities' constitutional rights.

Caretaker Prime Minister Yingluck actually announced at the beginning of her term that she would implement a land tenure management programme to solve land rights conflicts between authorities and the people living in forest preserve areas. The pledge remains mere words.

Asian buyers need to be wary of TPP agreement

ECONOMICS

KEVIN P GALLAGHER

Despite President Barack Obama's charm offensive in the region, Pacific nations are well-advised to remain wary of the US government's position on the Trans-Pacific Partnership agreement (TPP).

If US trade negotiators got their way, the Pacific Rim would reap surprisingly few gains — but take on big risks. Until the United States starts to see Asia as a true trading partner, rather than a region to patronise, it is right to hold out on the TPP.

Despite all of Mr Obama's charm, the rosier projections — from an unsuspecting report at the Peterson Institute for International Economics, no less — say that the TPP will raise incomes among the parties to the treaty by a mere 0.3% of GDP in 2025.

Many economists see these projections as gross over-estimates. For one, they heretically assume that a doubling of exports automatically leads to more than a doubling of income. Yet even if these estimates

were taken at face value, they amount to just over one penny per day per person to start in 2025 for TPP nations.

In exchange for these small benefits, the US's partners in Asia and Latin America have to take on big risks. One big risk that may be a deal breaker is that the US is insisting that TPP partners surrender their right to regulate global finance.

Through its financial services and investment provisions, the TPP would allow Wall Street banks to move into TPP countries' financial services sectors. To do what? If you can believe it, to push the very financial products that triggered the biggest global financial crisis since the Great Depression.

That is not progress. That's regress, given what the world now knows about these often toxic instruments.

What is more, if US trade negotiators, acting at the behest of US industry, got their way, the deal would prohibit the ability of these banks to be regulated to prevent and mitigate a financial crisis. They would be "free" to recreate the mess all over again.

Latin American financial crises of the 1990s.

Likewise, Malaysia was among the least hard hit during the East Asian financial crisis because it put in place regulations on the outflow of financial flows once the crisis started. Malaysia's measures helped its economy rebound by 5.4% the year after the crisis.

Such measures may be considered impolitic in Washington and New York, where it is always preferred that capital — especially US capital — can always move in and out of a country without any restrictions.

The wisdom of such precautions is now even understood in the erstwhile citadel of financial orthodoxy, the IMF. In its official view on regulating global financial flows, the IMF expressed concern that agreements like the TPP "do not provide appropriate safeguards".

The same cannot be said for the US Trade Representative's office. As a result, regulating the inflow and outflow of financial flows would not be permitted under the TPP — if the US side got its way.

What is perhaps most risky for the US's TPP partners is that the foreign banks themselves will be able to directly sue governments for violations of the agreement.

This puts the other governments at a natural disadvantage, given the zealotry, might and cost of Washington and New York City lawyers. They are the specialists in such proceedings — and always on the prowl for business.

Indeed, Malaysia knows this all too well. Under a treaty similar to the now proposed TPP that Malaysia had with tiny Luxembourg, a private investor there attempted to sue Malaysia for its post-crisis regulations on financial flows. That time, Malaysia was lucky that the case was thrown out on jurisdictional grounds.

But it shows that foreign firms are ready to pounce on such regulations if given the opportunity. And when the suing party is based in the United States, the TPP partners might not be so lucky.

It is in the well-understood self-interest of Chile, Malaysia and other TPP countries to continue to push back on Mr Obama's proposals to de-regulate financial services and investment. It is also in the interest of financial prudence and international fairness.

In light of that, it is disconcerting to find a recent study which shows these nations have been able to safeguard the ability to regulate finance in treaties with trading blocs such as the EU and Canada and China, but that it is the US which is pushing

back with great determination.

Thankfully, there are important voices in the US who are pushing President Obama to act with more prudence than the US financial industry wants him to do. Americans are also painfully aware that financial crises hurt US jobs and financial stability.

US Congressman Sander Levin and others have been pressuring the Obama administration to ensure that trade deals don't trump regulating global finance. In 2011, over 250 economists from across the world urged Mr Obama to make trade deals consistent with financial reform as well.

With so little reward on the negotiating table, Mr Obama will be hard pressed to get a TPP agreement from the Pacific Rim nations. They are better off to remain hold-outs until the US government gives up its rather extreme, risk-enhancing negotiating position on finance.

The fate of its own economy in recent years, still on the ropes from the fallout of the last financial crisis, would certainly suggest much more caution than US negotiators are currently pursuing in their dealings with the TPP partner countries. ©2014 THE GLOBALIST

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