

PM's surprise talks plan needs a serious look

THINK PRAGMATIC
Veera Prateepchaikul



Africa seems to be an ideal place in which to gain some inspiration — at least for Prime Minister Yingluck Shinawatra. Before leaving Bangkok last week for her African visit, which took her to Mozambique, Tanzania and Uganda, the prime minister declined to comment on Pheu Thai MP Worachai Hema's contentious amnesty bill and planned protests against the bill, plus related reconciliation bills by anti-Thaksin groups, saying it was a parliamentary affair. Remaining aloof from political controversies and contentious issues, she gave her standard answer. "I don't know" has been her trademark reply for the past two years.

But upon arriving home from Africa last Friday, Ms Yingluck appeared to be a changed person, like a born-again Christian. To the surprise of her critics and seasoned political observers, she went on television on Friday night, not to tell the public of her African visit and how successful it was, but to extend an olive branch to all opposition groups to come together for talks in order to end the protracted political conflict.

She said that in the past two years, she and the government have taken mea-

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sures to bring about national reconciliation in earnest and with patience and to open space for all opposing political groups to express their viewpoints. She stressed the government was ready to compromise with all stakeholders and had tried to use the parliament instead of the streets to resolve the conflict.

"It is most regrettable that some groups of people want to use the streets to carry out their activities. Although it is their constitutional right to do so, their expressions calling for the overthrow of the government, a coup, and the use of violence go against democratic rule and are provocative," the prime minister said.

She proposed a political reform assembly in which all political stakeholders, including government and opposition

parties, all anti-Thaksin groups such as the People's Alliance for Democracy, the United Front for Democracy against Dictatorship, academics, senators and independent organisations are invited for talks in order to find durable solutions to the political conflict.

"I want to see a climate of cooperation — not finding fault with one another," said the prime minister, who also proposed the setup of a mechanism for political reform.

As a matter of fact, the prime minister's proposed dialogue of all stakeholders in order to find solutions to the political divide is nothing new. King Prajadhipok's Institute and Khanit Na Nakhon's Truth for Reconciliation Commission earlier had made a similar proposal and several other recommendations to move towards

reconciliation. Regrettably, they were all brushed aside by the government for the reason that they were partial or, as in the case of the Truth for Reconciliation Commission, set up by the Abhisit government.

Anyway, the proposal for talks with the participation of all stakeholders is reasonable and should be accepted by all concerned. The big question is, how sincere is her administration about its new approach as there is still a lot of mistrust toward the government among all opposition groups.

Thus it came as little surprise that the anti-government groups described Ms Yingluck's "peace" talks as just another political game to buy more time for her administration. The proposal was not in fact rejected outright but agreed to with reservations — that is, the government must withdraw the contentious amnesty bill from the parliament. The government is yet to respond to this counter-proposal.

What is worthy of pondering is why Prime Minister Yingluck had to hastily reach out to her opponents with an invitation for all of them to come to the negotiating table while, at the same time, making preparations in an overt manner to cope with the planned protests this week when the amnesty bill is due to be debated in the parliament, tentatively on Wednesday.

The enforcement of the Internal Security Act in Dusit, Phra Nakhon and Pomprap Sattruphai districts for 10 days,

beginning Aug 1, and the mobilisation of the police force have caused great anxiety among local and foreign investors, especially in the stock market. The over-reaction by the police has given a misleading impression that the protests will turn violent or ugly.

Viewed in the context that the "reconciliation" talks are a new political ballgame started by the government, it would seem the next move is in the hands of the Yingluck administration — and therefore if it is sincere about holding talks with all parties involved, then it should rethink Worachai's amnesty bill and the other similar bills by withdrawing them from the parliament — or, to save its own face, to indefinitely postpone debate on the bills.

The anti-government groups should respond in kind by cancelling their planned protests.

There is, however, one hitch that the government has to fix in order to win the trust of the red shirts if Worachai's amnesty bill is to be withdrawn or postponed. That is about the fate of some 200 red shirts in detention pending trial. What the government or the Pheu Thai party should do is to help arrange for their bail.

Some sort of compromise can still be worked out by the government and its opponents to calm political jitters and to normalise the situation.

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COMMENTARY

Paul Krugman



Janet Yellen puts case for 'female dollar'

C an a woman effectively run the Federal Reserve? That shouldn't even be a question. And Janet Yellen, the vice chairwoman of the Fed's board of governors, isn't just up to the job; by any objective standard, she's the best-qualified person in America to take over when Ben Bernanke steps down as chairman.

Yet there are not one but two sexist campaigns under way against Ms Yellen. One is a whisper campaign whose sexism is implicit; the other involves raw misogyny. Both campaigns manage to combine sexism with very bad economic analysis.

Let's start with the more extreme, open campaign. Last week, *The New York Sun* published an editorial attacking Ms Yellen titled "The Female Dollar". The editorial took it for granted that the Fed has been following disastrously inflationary monetary policies for years, even though actual inflation is at a 50-year low. And it warned that things would get even worse if the dollar were to become merely "gender-backed". I am not making this up.

True, *The Sun* is a marginal publication, with strong gold-bug tendencies, and nobody would pay much attention if the rest of the right had ignored or distanced itself from that editorial. In fact, *The Wall Street Journal* immediately followed up with its own editorial along the same lines, during which it approvingly quoted *The Sun* piece, female dollar and all.

The other campaign against Ms Yellen has been subtler, involving repeated suggestions — almost always off the record — that she lacks the "gravitas" to lead the Fed. What does that mean? Well, suppose we were talking about a man with Ms Yellen's credentials: Distinguished academic work, leader of the Council of Economic Advisers, six years as president of the San Francisco Fed, a record of working effectively with colleagues at the board of governors. Would anyone suggest that a man with those credentials was somehow unqualified for office?

Sorry, but it's hard to escape the conclusion that gravitas, in this context, mainly means possessing a Y chromosome. Both anti-Yellen campaigns, then, involve unmistakable sexism, and should be condemned for that reason. As it happens, however, both campaigns have another problem, too: They're based on bad economic analysis.

In the case of the "female dollar" types, the wrongheadedness of the economics is as raw and obvious as the sexism. The people shouting that the Fed is "debasement the dollar" have been warning of runaway inflation any day now for almost five years, and they have been wrong every step of the way. Worse, they have shown no willingness to admit having been wrong, let alone to revise their views in the face of experience. They are, in short, the last people in the world you should listen to when it comes to monetary policy.

The wrongheadedness of the gravitas crowd, like its sexism, is subtler. But to the extent that having gravitas means something other than being male, it means being what I like to call a Very Serious Person — the kind of person who talks a lot about the need to make tough decisions, which somehow always involves demanding sacrifices on the part of ordinary families while treating the wealthy with kid gloves. And here's the thing: The Very Serious People have been almost as consistently wrong, although not as spectacularly, as the inflation hysteresis.

This has been obviously true in the case of budget policy, where the Serious People hijacked the national conversation, shifting it away from job creation to deficits, on the grounds that we were facing an imminent fiscal crisis — which somehow keeps not coming.

But it has also been true for monetary policy. *The Wall Street Journal* surveyed the forecasting records of top policymakers at the Fed, whom it divided into "hawks" (officials who keep warning that the Fed is doing too much to fight unemployment) and "doves" (who warn that it's doing too little). It found that the doves made consistently better forecasts, with the best forecaster of all being the most prominent of the doves — Janet Yellen.

The point is that while the gravitas types like to think of themselves as serious men (and I do mean men) who are willing to do what needs to be done, recent history suggests that they're actually men who are eager to prove their seriousness by doing what doesn't need to be done, at the public's expense.

Also, there was a time not long ago when almost everyone in the gravitas crowd, if asked who possessed that mystical quality in its purest form, would surely have answered "Alan Greenspan". How well did that turn out?

So is Janet Yellen the only possible candidate to be the next leader of the Fed? Of course not. But the case for someone else should be made on the merits — and, so far, that hasn't been what's happening. ©2013 THE NEW YORK TIMES

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Covert partnership deal has huge destructive potential

TRADE

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The Obama administration has often stated its commitment to open government — and justifiably so. We live in the age of online transparency and online democracy. Yet, the administration is keeping the contents of the Trans-Pacific Partnership (TPP) — the most significant international commercial agreement since the 1995 World Trade Organisation — as secretive as possible.

The deal has been under negotiation since 2008, and the administration is hoping negotiations can be concluded by the end of 2013.

The 18th round of negotiations wrapped up last month in Kota Kinabalu, Malaysia. The TPP is a sweeping pact that would directly affect many of the core tenets on job security, food safety, financial stability, affordable medicines, internet freedom and democratic law-making.

Even the George W Bush administration, hardly a paragon of transparency, published online the negotiating text of the last similarly sweeping agreement, called the Free Trade Area of the Americas, in 2001.

For the TPP, the Obama administration's trade officials have even denied repeated requests from the US Congress to access the draft agreement text.

After congressional and public outcry against the remarkable secrecy, the administration is finally allowing limited access to a few congressional members. But it is still keeping the public in the dark and denying members of Congress the negotiation observer status they have enjoyed in the past. This is astounding, given that the US Constitution provides Congress exclusive authority over trade policy.

There is one important exception to this unprecedented wall of secrecy, however. A big-business-dominated group of more than 600 official US trade "adv-



A demonstrator in Kuala Lumpur joins a protest against Malaysia's participation in rule-making negotiations for the Trans-Pacific Partnership agreement. The secrecy of the deal, which will have a far-reaching impact on people's lives, has stirred protests in partner countries. AFP

isors" enjoy privileged access to TPP texts and negotiators.

This disturbing combination of extraordinary secrecy towards the US legislative branch and the American public on the one hand, and chumminess with big business on the other hand, matters a great deal. Why? Because the TPP itself is such a big deal.

All signatory countries' national and local laws and policies in non-trade areas would be required to conform to the TPP's terms. Failure to do so would subject countries to trade sanctions. Several proposed chapters have leaked, providing evidence of how widely this pact extends far beyond traditional "trade" matters.

Only five of the TPP's 29 proposed chapters deal with traditional trade issues. Most chapters would reach very directly

into peoples' lives. In the United States in January 2012, a passionate debate exploded over a legislation that would curtail internet freedom. Wikipedia, Google and a host of other major websites blacked out their sites to protest.

That legislation, the Stop Online Piracy Act (SOPA), suffered a fatal blow in the US. But now, the very corporations behind SOPA hope to reincarnate SOPA within the TPP framework. The sweeping copyright terms proposed for the deal threaten to turn our daily web browsing into a maze of censored messages.

Another leaked portion of the TPP text would take aim at policies to control medicine costs. Pharmaceutical companies are among the firms enjoying privileged access to TPP negotiators as official "advisers". They have long lobbied

against government efforts to keep the cost of medicines down. Their goal is to keep their already unaffordably high profit margins up.

One leaked TPP text reveals terms that would allow pharmaceutical firms to challenge the measures that the US government uses domestically to negotiate lower medicine costs for Medicare, Medicaid and veterans' health programmes.

Given that ballooning health care costs are also the single largest contributor to long-term US budget deficits, this isn't just a vital pocketbook issue for vast numbers of Americans. It is why even those who care first and foremost about the US national debt should care about the TPP.

What about Wall Street's agenda in

the TPP? The mission of big bank lobbyists is to water down the post-crisis regulatory efforts that aim at reining in the financial sector's excessive risk-taking.

The TPP would help their cause. While the International Monetary Fund has shifted position, now supporting the use of capital controls to mitigate and avoid financial crises, the TPP would ban the use of such policies.

The deal's proposed text on financial services is based on the very same deregulatory model that led to the global financial crisis. Incredibly, the TPP would also forbid bans on risky financial products — such as the toxic derivatives that led to the massive AIG bailout.

At the end of the day, one big question remains. If the changes that are now being stealthily hatched in TPP negotiations were being contemplated by Congress or a US federal agency, they would be subject to fierce public debate. How can those of us who would have to live with the TPP's results — the United States and other involved countries — be denied the details, much less a say?

Perhaps because if the text were made public, it would become clear that the deal now envisioned could not be signed. Indeed, that was the view of Ron Kirk, US President Barack Obama's top trade official until earlier this year.

Michael Froman, who recently replaced Mr Kirk, is now the public face of the administration's strategy and the apparent calculation that underlies it: when upending a vast body of consumer, environmental and worker protections for the sake of narrow corporate interests, it's better to work in the dark. Such extreme secrecy is bound to backfire.

The secrecy of the TPP process represents a massive assault on the principles and practice of democratic governance. That is untenable in the age of transparency, especially coming from an administration that is otherwise so quick to trumpet its commitment to open government. THE GLOBALIST

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Kerry's Middle East talks won't fix region's problems

ISRAEL-PALESTINE

IAN BREMMER

Last Monday, the Obama administration announced that US Secretary of State John Kerry had convinced Israel and the Palestinian Authority to sit down for negotiations for the first time in three years. Coming out of Monday and Tuesday's meetings, Mr Kerry announced a goal of working out a comprehensive peace agreement within nine months.

Simply reviving talks at all is a highly impressive achievement. Getting both sides to the table would have been impossible without Mr Kerry's relentless efforts, but if the Obama administration thinks this will change the dynamic in the Middle East, it is mistaken for two reasons. First, the initiative is unlikely to succeed, and second, even if it did, it would have little impact on other more immediately pressing Middle East conflicts.

It's not that pushing for an Israel-Palestine solution isn't a valiant cause. It's that there is a full tray of conflicts in the Middle East that exist independently from the Israel-Palestine question: the growing rifts in Egypt or Iraq, the Syrian crisis that has claimed over 100,000 lives, or Iran's nuclear programme. Even Israel and Palestine themselves prioritise many other regional concerns over making any significant progress with each other.

Don't misunderstand me, the chances of success are not zero. But no matter how legacy-defining a lasting breakthrough would be for President Barack Obama and Mr Kerry, the odds are incredibly long. The Israeli-Palestinian peace process has started and stopped countless times before.

So what are the biggest structural impediments to a deal?

Mr Obama's envoy, former Israeli ambassador Martin Indyk, will only be speaking with representatives of Palestinians' Fatah party. Since Hamas' electoral victory in 2006, the territories have been divided into two entities, with Gaza in Hamas' hands and the West Bank under Fatah control. Fatah lacks the

legitimacy at home to negotiate and later implement any final agreement with Israel. The exclusion of the more fundamentalist Hamas from the diplomatic process gives Hamas every incentive to undermine any possible deal. If we begin to see substantial progress, expect Hamas to scuttle it with a violent show of force.

Israel prime minister, Benjamin Netanyahu, buoyed by a strong economy and relative peace, has little incentive to back down during negotiations. Israel has continued its settlement expansion and flouted its borders as defined in 1967 with relative impunity.

For the past decade or so, left-wing parties have been increasingly marginalised and the public has grown more disenchanted with the peace process. These trends have led to a more uncompromising centre-right government that's less interested in negotiating a settlement with the Palestinians. Recently, Israel has released prisoners and somewhat halted settlement construction in advance of the talks, but that may just be a short-term favour to Mr Kerry that reaffirms the United States' leverage and importance. It doesn't suggest Mr Netanyahu is

ready to do an about face on years of policy. The administration is well aware of the huge hurdles that an Israel-Palestine solution faces. So then why is John Kerry forging ahead regardless?

The key lies in the mistaken belief that the Israel-Palestinian conflict remains the linchpin of a dysfunctional Middle East. As the thinking goes, without fixing this issue, nothing else of deep substance can be solved. Today, this is patently untrue. Peace between the Israelis and Palestinians would not unwind the Iranian nuclear programme, mend Syria's sectarian hellscape, or put Egypt back together again. It wouldn't keep Iraq from drifting perilously closer to civil war. The Middle East is now filled with relatively independent crises, and few of them have to do with Israel, even if Israel is subject to their effects.

A more cynical possibility? It's more politically palatable to fail on Israel-Palestine than on anything else. As opposed to Egypt, where the United States is torn between the security benefits and secularism of the military versus the democratically-elected status of the Muslim Brotherhood, Israel-Palestine is

a clearer brokerage deal where, at the least, the United States' good intentions can't be questioned.

If Mr Obama has learned anything over the last two terms, it's that low expectations are a president's best friend. They provide room to surprise, or, if things go poorly, room to scapegoat. And there is a long and prestigious list of those who have failed on Israel-Palestine before this administration decided to attempt the feat.

In getting the Israelis and Palestinians to the table, something that was a complete non-starter at the beginning of the year, John Kerry has demonstrated his remarkable savvy as a diplomat. That's all the more reason it's a pity that the talks are unlikely to gain traction, and even if they did, a breakthrough deal still wouldn't douse the conflicts that would burn on throughout the region. REUTERS

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