OPINION

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BRN demands need studying

The effort to restart the formal contacts between the government and Barisan Revolusi Nasional (BRN) continues. It is a rather cringe-worthy back and forth, reflecting the obvious failure of the two parties to communicate over the past seven months. The BRN has tried artlessly to back away from its promise never to negotiate again until the Thai team gives in to its mostly unacceptable ''demands'' of April. Lt Gen Paradorn Pattanatabut and his team have tried to gloss over the obvious failure of negotiations with many weeks of public promises that progress lies just ahead.

With the two sides talking past each other while trying to shore up their own propaganda claims, an important third party has now looked in. The Internal Security Operations Command (Isoc), probably the most influential group involved in fighting in the deep South, has criticised the Thai side and effectively supported the BRN's recent claims. The Isoc has written to Lt Gen Paradorn and urged him to answer the five demands of the BRN. These demands have crept near the centre of the attempts of Thailand and the Malaysian negotiators to resume talks.

The demands came to epitomise the BRN's attitude towards both Thailand and Lt Gen Paradorn's peace talks team. They were made last May, on the eve of a peace talks session. No notice was given to the Thai side when BRN negotiator Hassan Taib issued the demands in a YouTube video appearance. From the moment they were made, Mr Hassan and his team have insisted there is no room for negotiation. Thailand must accept all five demands as the condition for more talks. To say the least, these are unusual methods to introduce topics to a process supposedly devoted to negotiating an end to violence.

Each demand is a separate subject. The first calls on Thailand to recognise Malaysia as a mediator rather than a facilitator of the talks, as agreed in March. The second says the people of the South are ''Melayu Pattani'', as opposed to Thai. The third calls for numerous government, non-government and religious groups to attend the negotiating sessions, and the fourth point calls for the release of all those arrested or wanted on security grounds.

Point five states that, ''The BRN's status must be recognised as a Pattani liberation movement, not a separatist group''. From this, there are cascading problems. In short, however, the big problem is that the BRN is, in fact, a separatist group. As Mr Hassan said in a Sept 2 interview on Media Selatan radio in the South, the object of peace negotiations is to achieve the right of self-determination for the region. Legally, however, a vote to separate is no more acceptable under the constitution than a vote for autonomy.

Lt Gen Paradorn's team said last month it received a 38-page ''clarification'' from the BRN about its five demands. So far, the Thai side has made no formal reply. Senior Isoc commanders have noted the BRN's sixth demand, that Bangkok must reply to the first five or there will be no further negotiating sessions.

As he approaches this Sunday's possible resumption of peace talks, Lt Gen Paradorn is correct to try to keep every avenue and every subject open to bargaining. It is obvious that the BRN is trying to pressure the Thai side into accepting questionable demands as a price for resuming the peace talks.

Much care must be given to the response. A wrong step by Lt Gen Paradorn's team could harm the country, the future of the South, the prospects for peace, or all three. Rushing into a response now would be a mistake.

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TPP pact requires regulated financing

PACIFIC TRADE

KEVIN GALLAGHER

World leaders who are gathering for the Apec summit in Indonesia had hoped to be signing the Trans-Pacific Partnership Agreement (TPP). The pact would bring together key Pacific Rim countries into a trading bloc that the United States hopes could counter China's growing influence in the region.

But talks remain stalled. Among other sticking points, the US is insisting that its TPP trading partners dismantle regulations for cross-border finance. Many TPP nations will have none of it — and for good reason.

Not only does the US stand on the wrong side of experience and economic theory, it is also pursuing a policy that runs counter to the guidelines issued by the International Monetary Fund. That is especially noteworthy, as the IMF used to be considered the handmaiden of the US government in such matters for quite a few decades.

Unfortunately, its newfound independence and insight has not yet rubbed off on the US government.

That surprising development aside, the US government could learn a few lessons from the TPP countries when it comes to overseeing cross-border finance.

As shown in a new report that I co-authored with Katherine Soverel, Ricardo French-Davis and Mah-Hui Lim, TPP nations such as Chile and Malaysia — one in the Americas, one in Asia — successfully regulated cross-border finance in the 1990s to prevent and mitigate severe financial crises.

Their experience proved critical in the wake of the 2008 financial crisis, when a global rethink got underway urgently regarding the extent to which cross-border financial flows should be regulated.

Many nations, including Brazil and South Korea, have built on the example of Chile and Malaysia and have re-regulated cross-border finance through instruments such as taxes on short-term debt and foreign exchange derivative regulations.

It is only prudent that, after the global financial disaster of 2008, emerging market nations now want to avail themselves of as many tools as possible to protect themselves from future crises.

New research in economic theory justifies this. Economists at the Peterson Institute for International Economics and Johns Hopkins University have demonstrated how cross-border financial flows generate problems because investors and borrowers do not know (or ignore) the effects their financial decisions have on the financial stability of a particular nation.

In particular, foreign investors may well tip a nation into financial difficulties — and even a crisis. Given that constant source of risk, regulating cross-border finance can correct market failure and also make markets work more efficiently.

This is a key reason why the IMF completely rethought its earlier position on the crucial issue of capital flows. The IMF now recognises that capital flows bring risk — particularly in the form of capital inflow surges and sudden stops — that can cause a great deal of financial instability. Under such conditions, the IMF will now recommend the use of cross-border financial regulations to avoid such instability.

I observed this entire process up close when I led a Boston University task force that examined the risks of capital flows between developed and developing nations. Our main focus was on examining the extent to which regulation of cross-border finance was compatible with many of the trade and investment treaties across the globe.

Our task force consisted of former and current central bank officials, IMF and WTO staff, members of the Chinese Academy of Social Sciences, scholars and other members of civil society. We found that US trade and investment treaties were the ones least compatible with new thinking and policy on regulating global finance.

US treaties, however, still mandate that all forms of finance move across borders freely and without delay, even though that was a key component in triggering the last big crisis. And it gets worse. Deals such as the TPP also would allow private investors to directly file claims against governments that regulate them. This is a significant departure from a WTO-like system where nation-states (the regulators) decide whether claims are brought.

Therefore, under the so-called investor-state dispute settlement procedure, a few financial firms would have the power to sue others for the costs of financial instability to the broader public, which these firms were instrumental in creating in the first place.

Can there be a more pernicious way to deal with these issues? It seems like a repeat of the mantra ''heads, I win; tails, you lose''.

Such provisions also fly in the face of recommendations from a group of more than 250 US and globally renowned economists in 2011. In 2012, the IMF embraced this new thinking, saying: ''These agreements in many cases do not provide appropriate safeguards or proper sequencing of liberalisation, and could thus benefit from reform to include these protections.''

If even a traditionally conservative institution like the IMF can get its head around these new realities, why can't the US government do the same?

Until Washington sees more clearly the connection between the problems carelessly created by financial firms that are often headquartered in the United States and what their actions mean for the economic and social fate of hundreds of millions of people, there can be only one logical consequence.

Emerging market countries should refrain from taking on new trade and investment commitments unless they properly safeguard the use of cross-border financial regulations.

Leaked text of the TPP reveals Chile and others have proposed language that could provide such safeguards. If the US government really intends to establish a trans-Pacific partnership, it should work with those nations to give all potential TPP member nations tools to prevent and mitigate financial crises. © THE GLOBALIST

> *Emerging market nations now want to avail themselves of as many tools as possible to protect themselves from future crises.*

Kevin Gallagher, associate professor of international relations at Boston University, is part of the Ford Foundation's project ''Reforming Global Financial Governance''.

PostBag

State of roads important

Peter Brown (PostBag, Oct 5) makes some valid yet obvious points about road safety in Thailand. It is clear that enforcement, if it ever was to happen, would contribute to lowering the deplorable statistics.

However, I think that many drivers overlook the elephant on the road — sometimes quite literally. What is actually needed in Thailand is a dramatic change in road and traffic engineering and vehicles as well.

Many drivers are quite unaware of how the roads and traffic systems in their own country are carefully and ingeniously designed to reduce the risk of accidents — they drive over these precautions, blissfully unaware of their existence.

WILL KELSALL

Govt right on tobacco

Your report ''Doctors, academics to battle smoking'' (*BP*, Oct 2) omits some important information.

First, the National Alliance for Tobacco Control (NATC) includes more than 400 organisations, representing all kinds of people.

This includes students, teachers, monks, alcohol and drug counsellors, law enforcement, environmental groups, athletes, fitness specialists, entertainers and social welfare and policy planning organisations.

These persons and organisations support the Health Ministry's action to increase the size of pack warnings on cigarettes to 85% because larger warnings are more effective, as several recent research papers show.

Second, Wanchai Supachaturat of Philip Morris International emphasised that the company's suggestion that the Health Ministry is required to make its decisions in consultation with tobacco companies and interests is a direct threat to national sovereignty. This clearly states that it is the responsibility of the government to protect the security and health of the nation beyond any other interest.

As one recent court verdict for cigarette packaging requirements stated, it is an essential duty of the state. . . to adopt all measures it considers necessary to maintain the collective health [of its citizens].

STEPHEN HAMANN, MPH, EDD
TOBACCO CONTROL CONSULTANT

Irony in Obamacare

Paul Krugman (Opinion, Oct 4) writes that US President Barack Obama would have to ''tear up the constitution'' to negotiate with Congress on Obamacare.

Could Krugman tell me where in the constitution is the president of the United States given the power to unilaterally put 19 changes into a piece of legislation after it has been passed? That's exactly what Mr Obama did with Obamacare.

One of the changes was to grant big business a year's exemption from having to participate in the programme. How ironic that the Republicans, ''the party of the rich'', are standing up for the common man.

Yet the Democrats, ''the party of the common man'' is using the IRS to intimidate common people who don't want to buy the insurance while Mr Obama grants exemptions to his rich and powerful friends.

ERIC BAHRT

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Air Asia bargains baffle

Air Asia again launches a big advertisement, offering good bargains. And again, I cannot get one!

I have tried internet and travel agencies after spotting the airlines' big advertisement, but no luck. Please provide clear information, and do not mislead us that most of the flights are that cheap.

ROGER OF HELSINKI

The cost of plastic bags

Re: ''Bags full of trouble'' (PostBag, Oct 5).

Having studied this issue for several years, I can only agree that a ban on the consumer use of plastic bags is not only imperative, it is inevitable.

Already, many localities in the US, where plastic bags originated, are implementing laws requiring consumers to pay a penalty for using them, albeit small, as a way of acquainting otherwise educated persons with the notion that there is a cost associated with using plastic bags.

HUESTON FORTNER

InQuote

Locals in the deep South still support the peace talks.

NEWLY-APPOINTED PERMANENT SECRETARY FOR DEFENCE, GEN NIPAT THONGLEK, AFTER THE GOVERNMENT SOUGHT TO RENEW THE DISRUPTED PROCESS.