



## Taper timetable

The conclusion of quantitative easing in the U.S. could affect investment flows into India

Quantitative easing has concluded in the world's largest economy – at least for now. Almost nine years after the U.S. Federal Reserve started its unprecedented programme of liquidity infusion through the purchase of asset-backed and Treasury securities in the wake of the global financial crisis, Fed Chair Janet Yellen announced on Wednesday that starting next month the central bank would begin the normalisation of its balance sheet. To their credit, Ms. Yellen and her colleagues on the Federal Open Market Committee have walked the talk on their June decision to unwind the mammoth \$4.5 trillion balance sheet. Most crucially, they have done it in a manner that precludes the risk of a 'taper tantrum' similar to that in 2013 – when Chairman Ben Bernanke had hinted at starting to turn off the tap – by setting out a slow, long-drawn and well-calibrated timetable to shrink the Fed's holdings. The asset wind-down will begin with monthly reductions of a modest \$10 billion in the three months through December. That amount will gradually increase in quarterly increments of \$10 billion so as to reach, in October 2018, a monthly cap of \$50 billion. It will continue at this level till such time the Committee concludes that the size of the central bank's asset holdings is optimal for the effective conduct of monetary policy. Interestingly, Ms. Yellen, who asserted that the balance sheet was not intended to be an "active" policy tool in normal times, especially now that economic activity had strengthened, also placed a caveat. The Fed, she said, "would be prepared to resume reinvestments" if the economic outlook were to deteriorate so significantly as to warrant "sizeable" interest rate cuts.

Not that Ms. Yellen sees the healthy expansion undergirded by household spending weakening, the damage from the recent hurricanes that have battered coastal regions in the U.S. south notwithstanding. The FOMC has, in fact, marginally raised its median projection for U.S. real GDP growth in 2017 to 2.4%, from the 2.2% estimated in June, and signalled that it is on course to raise the federal funds rate one more time this year after leaving interest rates unchanged for now. However, the one element in the Fed's policy calculus that eludes, in Ms. Yellen's words, a more perfect "understanding" is the lower-than-anticipated trajectory of inflation. Given that monetary authorities in the U.S. are focussed on re-fating the economy by supporting "further strengthening" in the labour market through an accommodative stance, the central bank has to remain vigilant in warding off any let-up in expansionary momentum. For Indian policymakers, there are both positive and not-so-welcome cues. While the ongoing moderate expansion in the U.S. bodes well for the country's struggling exporters, the end of easy money conditions could augur a slowdown in investment inflows from abroad and resultant pressure on the current account deficit. The Reserve Bank of India, though, should welcome the clarity in messaging from its U.S. counterpart.

## Freedom from fear

The murder in Tripura underscores the perilous circumstances reporters work in

The murder of Santanu Bhowmik, a television reporter, in Mandwai in Tripura on Wednesday has predictably drawn the Communist Party of India (Marxist) and the Bharatiya Janata Party into a blame game. While the CPI(M), which is in power in the State, is calling this an ideologically motivated murder by BJP-backed forces, the BJP in turn is keen on casting the killing as purely a law and order failure of the Manik Sarkar government. Bhowmik, who was in his late-20s, was brutally attacked while in the line of duty covering clashes between the Indigenous People's Front of Tripura (IPFT) and the CPI(M)'s tribal wing, the Tripura Rajaer Upajati Ganamukti Parishad. The IPFT has been escalating its agitation for a separate State, and Tripura has been tense this week with prohibitory orders under Section 144 in place in some districts. By some accounts, Bhowmik had incriminating footage of violence by activists of the IPFT. With elections in Tripura due six months from now, and the BJP taking the fight to the long-ruling CPI(M), there is every danger of fact becoming a casualty as the battle becomes more polarised. It would be a blow against the freedom of the press if Bhowmik's death is not investigated, keenly and expeditiously, for what it is: because first reports indicate that he did not die in the crossfire, he was targeted.

The murder is a reminder of the dangerous circumstances journalists report in and the physical threat they wear as a second skin. Frequently, as Gauri Lankesh's killing hinted, they are targeted by extremist groups wanting to intimidate others in the public sphere from taking a particular questioning line. At other times, they are killed for knowing too much. Bhowmik may fall in either category, or both. The inhibitory effect of such killings is obvious and it is welcome that mediapersons around the country are demanding a swift follow-up to punish his killers. But in a democracy such tragic deaths need more than just the rallying of colleagues in the profession. There is a clear line that connects intimidatory tactics against a journalist – whether by physical violence or in other coercive ways – and the health of a democracy. India's Constitution does not specifically mention the freedom of the press, as do those of some countries, including the United States. This makes it all the more important for the public discourse to internalise the connection, so that a watchful vigil against violence and coercion is never allowed to flag. All too often, appraisals such as the World Press Freedom Index are shrugged aside as being incidental. Bhowmik's death must bring the chill of India's ranking falling to 136, from an already abysmal 133 in 2016, closer to our bones.

# Solving the Afghan riddle

The U.S. has clearly identified the root cause of the Afghan problem; India has always been a part of the solution



SATINDER K. LAMBAH

Afghanistan, counterterrorism and defence ties are expected to be the prime issues on the table during James Mattis's visit to India next week. The U.S. Defence Secretary's trip will happen barely a month after President Donald Trump announced the latest U.S. policy on Afghanistan on August 21, a blueprint that has been welcomed in Kabul and criticised in Islamabad.

Mr. Trump's policy envisages more pressure on Pakistan, no early U.S. withdrawal from Afghanistan, robust military action on counterterrorism and a greater role for India. It is for the first time that a U.S. President has been publicly so critical of Pakistan. In 2009, President Barack Obama had spoken of Pakistan's lack of action, but not so strongly and harshly as his successor. Sharp words on Pakistan have been said at different levels by earlier U.S. administrations too. They were also codified in the form of conditions in various assistance laws, including the Kerry-Lugar-Berman Bill. The important issue today is how the U.S. strategy differs from the past in terms of addressing concerns regarding Pakistan's role in Afghanistan, particularly in view of a shift in Pakistan's strategic priority towards China.

The situation in Afghanistan continues to be fragile. Though the Taliban has made some gains, it is not a cohesive movement and has divisions within it. At the same time it has to be understood that since 1747, Afghanistan's territorial borders have remained unchanged unlike its neighbours Pakistan and the Central Asian Republics.

### India-Afghanistan ties

Indo-Afghan relations are unique. Just after Independence, on Janu-



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ary 4, 1950, India signed a Treaty of Friendship with Afghanistan which also permitted opening of consulates in each other's country. Interestingly, not standing on protocol, Prime Minister Jawaharlal Nehru signed this agreement with the Afghan Ambassador in India to indicate the importance New Delhi attached to its relations with Kabul. More recently, in October 2011, India was the first country Afghanistan signed a strategic partnership agreement with.

The basic tenets of India's aims, policy and approach towards Afghanistan in respect of bilateral and regional cooperation remain unchanged. India has always wanted a democratic, stable and strong Afghanistan able to decide its own future.

India has a close strategic partnership with Afghanistan covering a broad spectrum of areas which include political, security, trade and economic cooperation as well as capacity development. India's assistance in the defence sector has been modest and based on specific requests by the government of Afghanistan. The cumulative level of committed Indian assistance to Afghanistan amounts to \$2 billion. New Delhi is always ready for more intensive bilateral relations. It has been at the forefront in respect of assistance for the reconstruction of Afghanistan and can be expected to do more in different sectors. Surveys conducted by various Afghan and foreign news agencies over the years show that the Afghan people ranked Indian assistance as the most suitable because of the positive role India

played in the development programme of Afghanistan. Furthermore India is considered as non-threatening with its democratic traditions upheld as a model. The Afghans also appreciate that India had never interfered in their internal affairs.

Speedy augmentation, training and supply of equipment for the Afghan National Security Forces is important to enable Afghanistan to protect its interests and maintain peace in the country. The Afghans want more help, for instance, at present for their air force. India could assist Afghanistan in training as per their requirement and supplying much-needed spare parts and such equipment as is possible without deployment of Indian troops in Afghanistan.

Asia is a region of energy and resources stretching from the Persian Gulf to the Caspian Sea and Central Asia to Siberia and Russia's Far East. The energy basket needs to be exploited for the benefit of Afghanistan and the surrounding region. The Turkmenistan-Afghanistan-Pakistan-India pipeline is one example. SAARC (South Asian Association for Regional Cooperation) and SCO (Shanghai Cooperation Organisation) should help in encouraging regional economic cooperation between Afghanistan and its neighbours. Expeditious action on completion of the Chabahar port will help in increasing Afghanistan's contacts with India and the outside world.

### No outside interference

It is essential that there is no outside interference in Afghanistan.

# Turn the page to a new chapter

Consider negotiating the Treaty of Good-Neighbourliness and Friendly Cooperation between China and India

H.E. LUO ZHAOHUI

In September, Xiamen city of China not only hosted the BRICS Summit, but also witnessed an especially important meeting between Chinese President Xi Jinping and Indian Prime Minister Narendra Modi. This was the first after the Dong Lang (Doklam) stand-off. As Chinese Ambassador to India, I had the privilege of participating in the meeting. I felt that it sent a critical message of reconciliation and cooperation to the world in a timely manner.

### Surpassing expectations

The outcomes were beyond expectations. Both leaders agreed to start a new chapter. An important consensus has been reached to enhance mutual trust, focus on cooperation, and manage differences. Both leaders also agreed to conduct closer high-level exchanges, revitalise a series of dialogues and mechanisms, as well as promote youth and educational cooperation.

President Xi emphasised that we should be each other's development opportunities rather than be threats to each other – "dragon and elephant should dance together". PM Modi shared the same idea and believes that the political

effects of "making one plus one even" can be achieved in China-India relations.

The meeting was originally scheduled for half an hour but lasted for an hour and 25 minutes. This shows that both sides are willing to devote enough time to conducting a comprehensive and in-depth exchange of views. President Xi said that *Dangal's* success has increased the affinity of the Chinese to the people of India, while PM Modi also highly praised the great success of *Where Has the Time Gone*, a film named after a speech by President Xi and which was co-produced by artists from the five BRICS member states.

### Common aspirations

In the one year since I assumed my new responsibility in India, I have witnessed ups and downs in China-India relations. Now I am in a better position to understand the common aspirations and potential of our two countries for cooperation and development. These understandings are based on the following aspects.

First, economic and trade cooperation are gaining momentum. Last year, the trade volume between China and India exceeded \$70 billion. China has been for many years the largest trading



partner of India. More than 500 Chinese companies have invested and started business in India with a total investment of over \$5 billion. Many Indian enterprises of IT, pharmacy and consultancy have entered the Chinese market. For instance, there are more than a hundred Indian software engineers living in the Sino-India Software Industry Park in Linyi city, Shandong province.

Second, people-to-people exchanges are thriving. Mutual visits between our two countries have exceeded one million. Practising yoga, drinking Darjeeling black tea, and watching Bollywood movies have become fashionable among the Chinese youth. Yunnan Minzu University has established the India-China Yoga College. We are also working to hold the Annual Indian Tourism Conference in Yunnan province.

## LETTERS TO THE EDITOR

Letters emailed to letters@thehindu.co.in must carry the full postal address and the full name or the name with initials.

### No strong Opposition

Having a strong leader does not mean ours is an authoritarian leadership, nor does it mean that the values of democracy are not being upheld ("States of the Opposition", Sept. 21). The Congress too had a strong leader in Indira Gandhi. She is still remembered and revered, and her leadership is considered to be one of the best save the Emergency period. A country of 1.3 billion has spent way too much time being led by one party that was focussed on vote-bank politics rather than bringing together various communities. So people now want to be led by someone who takes the burden of the entire nation on his shoulders and works towards India's progress.

VRINDA RAJIVANSHI,  
New Delhi

There is no point in Opposition parties taking on PM Narendra Modi personally. The BJP is deliberately prompting this type of public discourse, having seen this as a largely successful formula since 2014. Rahul Gandhi fell into this trap long back. He must come out of it immediately. Mamata Banerjee too must avoid this trap. These parties must change the discourse to the government's track record on the economy, society, institutions, etc. One-liners will not work. The counterarguments must be detailed, informative and data-based. On demonetisation, for example, there is enough data and information to show that it has crippled the economy. It has inflicted severe costs on the nation,

several folds larger than those ascribed to the United Progressive Alliance baggage. No party has done this so far in a systematic and sustained manner. If the BJP could sway the electorate in State elections by projecting Mr. Modi and his government, there is no reason why strong regional parties and leaders cannot turn the focus of a central election to State issues and in their favour.

M. BALAKRISHNAN,  
Bengaluru

### The stateless people

Myanmar leader Aung San Suu Kyi's speech on Tuesday on the Rohingya refugee crisis was bewildering and unconvincing ("Suu Kyi promises to resettlement", Sept. 20). Her call for "patience and

understanding" looks hollow in the current circumstances. Patience is quickly running out in India and Bangladesh. By saying that the situation is "not so severe", the icon of peace has revealed her ignorance. Her willingness to take all the refugees back subject to a verification process is ridiculous. How can one expect those who have fled their land fearing for their lives to carry all their documents? Equally baffling is her disinclination to talk about the Army's excesses. Ms. Suu Kyi had said long back that it is "not power that corrupts", but "the fear of losing power that corrupts." Has that fear crept into her mind? One hopes that she proves her detractors wrong.

GANAPATHI BHAT,  
Akola

### Messy politics

The only solution to the mess in Tamil Nadu politics is to dissolve the Assembly and go for fresh elections at the earliest ("No floor test, no bypoll for 18 constituencies in T.N.: HC", Sept. 21). The people will definitely punish the opportunist and self-serving politicians and elect better leaders to govern this State which is currently suffering from inactivity and

dysfunction. Every group in the All India Anna Dravida Munnetra Kazhagam swears by Jayalalithaa's name, but their activities lack ethics and transparency. Also it is high time the Centre appointed a full-time Governor for Tamil Nadu, someone who is neutral and decisive.

PARTHASARATHY SEN,  
New Delhi

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**CORRECTIONS & CLARIFICATIONS:** >>A report headlined "Rahul may helm party from Nov." (Sept. 21, 2017) erroneously described Sonia as the *fourth* woman – after Annie Besant, Sarojini Naidu and Indira Gandhi – to become Congress president. Actually, she is the *fifth* woman to become Congress president after Annie Besant, Sarojini Naidu, Nellie Sen Gupta and Indira Gandhi.

It is the policy of The Hindu to correct significant errors as soon as possible. Please specify the edition (place of publication), date and page. The Readers' Editor's office can be contacted by Telephone: +91-44-28418297/28576300 (11 a.m. to 5 p.m., Monday to Friday); Fax: +91-44-28552963; E-mail: readerseditor@thehindu.co.in; Mail: Readers' Editor, The Hindu, Kasturi Buildings, 859 & 860 Anna Salai, Chennai 600 002, India. All communication must carry the full postal address and telephone number. No personal visits. The Terms of Reference for the Readers' Editor are on www.thehindu.com