

Opinions carelessly expressed can hurt the business environment.

It was a volatile seven days in Indonesia, last week. Influenced by the stock-market roller-coasters around the world, the JSX had its own fall and recovery. In a different realm, a Garuda pilot was sentenced to 20 years for Munir's murder but Gus Dur reflected the views of many when he said the real killers are still on the loose. But the unnecessary development of the week was General Djoko Santoso's comment that Indonesia isn't ready for democracy.

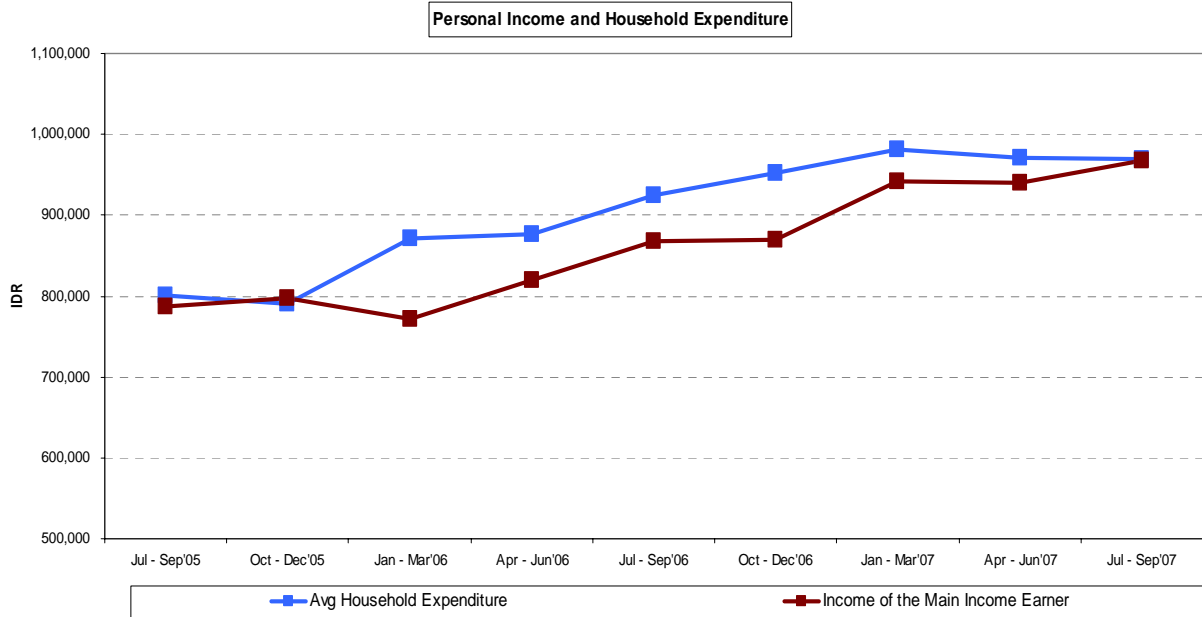
Ever since the measurement was introduced three years ago, the Roy Morgan Good Governance monitor has reflected the people's resounding vote for democracy, especially after the current government was elected. Since then, about 70 per cent of the population has consistently said they believe that "democracy is working". The General is obviously a part of the 30 per cent who do not agree. While everybody enjoys freedom of speech, people in positions of influence need to exercise that right with discretion.

It is difficult to imagine the commander of the armed forces in any democracy anywhere making a similar remark, publicly. On the other hand, military coups in Thailand or the Philippines no longer surprise their citizens. But they never fail to hurt investor confidence or employment prospects. Ten years ago, the wisdom of Indonesia's generals facilitated a smooth transition of power from dictatorship to democracy. Since then, the collective efforts of the world's fifth largest people have made it a beacon for the Islamic world. The current President is a true believer of democratic principles, a conviction he often reiterates. The conflicting view of his chosen commander, expressed and explained in public, is more than confusing. It has raised eyebrows, not only in Indonesia.

Several institutions and many of their associates make strenuous efforts to promote Indonesia to prospective investors around the world. One of the new attractions is Indonesia's successful record as a ten-year old democracy. If the armed forces are seen as anything other than a defender of democracy today, they will send shock-waves across the business community, internationally. Not because businesses care too much about democracy itself, but because they know that there is no going back to authoritarian rule again. The people will not accept a breach, endlessly. The turmoil in Pakistan today is living testimony.

Public servants accustomed to years of total authority can find the behavioural adjustments required by a democracy, difficult. Though the armed forces are not public servants in the same way bureaucrats or politicians are, they cannot ignore the fact that their own welfare is also dependent on the efforts of the people. Everybody has a role, and a responsibility.

As Indonesia continues to consolidate its position in the free world and the global economy, the pain is being felt most of all by the humble worker. That includes the small business owner. The necessary removal of subsidies and the impact on the price of fuel created an even greater burden on the vast majority of breadwinners. While the 17 per cent inflation that was triggered in September 2005 is currently hovering around 6 per cent, the price of essentials is continuing to hurt almost all Indonesians. Most people have always led a modest life in Indonesia, but the struggle in recent times has become even harder.



Source: Roy Morgan Single Source, Population 14+, 27,000 respondents p.a.

Based on the national average, the Main Income Earner was barely able to meet the needs of his household, even before September 2005. Though many more are doing more than one job nowadays and there is a noticeable increase in the average earnings of Main Income Earners, they are still unable to take care of all the needs of their families. Other members of the family, or the extended family, are now compelled to contribute. That is because the average household expenditure has also crept up at a level higher than income. The two graphs are beginning to merge again, after two years. The two trendlines met at the Rp 800,000 mark in September 2005, crossed over and grew apart while they climbed. They have merged again for the first time in September 2007 at around Rp 970,000. The next few quarters will offer a better understanding of the alleviation, if the gap doesn't adversely widen again.

These observations are based on Roy Morgan Single Source, the country's largest syndicated survey with over 27,000 Indonesian respondents each year. The results are updated every 90 days.

While it is easy for affluent homes to take luxuries off the weekly shopping list, it is difficult for everybody else to eat less *tahu*. The longer term easing of the proverbial national belt can only happen with more jobs and higher earnings. Investments, from within the country and from without, are essential prerequisites. Political stability is an equally important backdrop for investment. In a democracy, the people expect the armed forces to be in a permanent state of readiness, a last resort in quelling disturbances or attending to emergencies beyond the capacity of the police. To say or do anything that contradicts that role cannot be good for today's democracy, its stability, business or jobs. General Suharto would have known that.

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