

Left, Right and Centre, they're crossing paths to the free market.

First, there was Bear Sterns. Now Freddie Mac and Fannie Mae. The buzz is on about the future of Lehmann Brothers. Who's next in queue on Wall Street? Which American icon is going to be rescued next? An airline, perhaps an automobile maker. Where will the line be drawn? Who will draw those lines and by whose authority?

What socialists bluntly call nationalisation, capitalists euphemistically call bailouts. Regardless of the politics, the money in question is always the people's. The difference is that one calls a spade a spade, the other a shovel. Today, it would seem that a new world order is emerging, involuntarily. A communist China is almost as capitalist in its actions as any other country, with billions in US Treasury bonds helping to finance the war in Iraq. A capitalist USA is doing the unimaginable, going down the socialist path by using taxpayer funds to prop up private investments. Common sense would lead us to conclude that the rich make money from their shares when times are good, but when things go wrong it is the common man that bails them out and protects their assets from disappearing.

The champions of the free market, the defenders of its tenets have some explaining to do. Even the most nimble of their spin doctors will find that a daunting task, in the face of the evidence before us all today. In the court of world opinion, the hypocrisy, the double standards, the conflict of word and action are all too much to accept in silence. There appears to be little or no shame, with tired old doomsday scenarios conveniently being trotted out to supposedly protect countries from collapse. Fear is an effective weapon to use on the innocent, even if they happen to be your fellow citizens. The reality is that if Freddie Mac was allowed to die, millions of people would wind up owning their homes for very little. Shareholders who had allowed their board to run amok would pay the price, individually. The market would take the immense pain, absorb it collectively, and correct itself. Isn't that how it is supposed to be in the free market?

Any aspersion cast on the motivations of the Bush administration or its ex-Goldman Sachs Secretary of Treasury, gets their ideological supporters bristling with rage. The old shareholders and employees of Enron must be wondering why no one came to their aid. Or could it be that anything other than financial services are too low-brow to save? The same people would find it difficult to believe that Putin is immensely popular in Russia, that the pride of the Chinese, the self-confidence of the Indians today is second to none. They all have been, still are and for a very long time will be, 'mixed economies'. State-owned and private enterprises co-exist. The United Kingdom is revisiting its past with the bailout of Northern Rock, the United States is seemingly at a crossroads. The prudent thing to do would be to stop lecturing the world from some imaginary high ground and just get on with the job.

For more than a decade, the people of Indonesia paid a heavy price at the behest of a World Bank wielding its own ideological stick in the aftermath of the Asian economic crisis. A mixed economy then as now, it was philosophically easy for this country to embrace its broken banks, keeping them afloat till they were ready for sale. That process of mergers and acquisitions continues, to this day. Who bailed whom out, to whose benefit? How has the little old lady in Makassar gained from the years of public funding?

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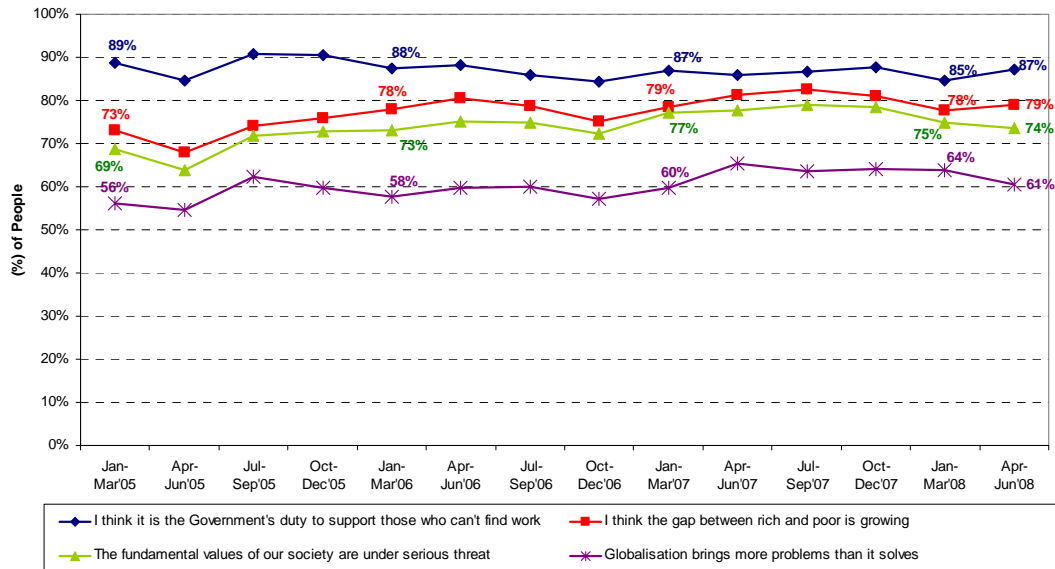
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The Free Market: The Indonesian View



It shouldn't be too difficult to understand that people in developing countries depend on their governments for much more, in comparison to their counterparts in affluent economies. All you have to do is ask, then listen. 87 per cent of all Indonesians, young and old, urban and rural, continue to believe "it is the government's duty to support those who can't find work". There are many, fending for themselves and scrounging around for scarce resources. 79 per cent believe that "the gap between the rich and poor is growing", a perception that is gradually on the increase. Three out of four Indonesians believe that the "fundamental values of our society are under serious threat", not only their religious beliefs. Not even the most shallow politician can afford to ignore these views in a democracy, let alone a true leader.

To the overwhelming majority, "globalisation brings more problems than it solves". At the local marketplace, Indonesian farmers cannot compete with the imported but subsidised soyabean, in a country where it is eaten at almost every meal. To them, this is not an imaginary threat. For as long as the playing field is uneven, WTO goals will remain elusive. For similar reasons, mixed economies are here to stay for a very long while, for the survival of the ruling elite if not for any other good reason. Progress is being made, at different speeds in different countries. Democracy is alive and well in many developing countries. Indeed, the Indonesian tiger like the Indian elephant is making slower economic progress than the Chinese dragon, largely because they are democracies. The differences need to be recognised and appreciated. There is indeed a cost of freedom, for fundamental human rights.

These conclusions are based on findings from Roy Morgan Single Source, the country's largest syndicated survey with over 27,000 Indonesian respondents annually, projected to reflect almost 90% of the population over the age of 14. The survey is used by more marketers and advertising agencies than any other survey in the country.

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