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By Andre Vlitchek

During the Cold War, Eastern block countries used to be bombarded by radio broadcasts glorifying free-market economic system and consumerism. The message from the Radio Free Europe, Voice of America and BBC World Service had been clear: no matter where, capitalism brings home great services, variety of goods, consumer protection, lower prices and desire to serve the clients. In short: "customer is always king and he is always right!"

Propaganda broadcasts forgot to mention that there is Indonesia - country almost as populous as the Soviet Union before its decomposition - country staunchly "pro-market" (and "against the people") where customers have to pay more money for goods and services than in the West, while often receiving worst service than in PRC or Cuba.

Old argument went that Communism couldn't succeed as is evident from the Soviet Union experiment. Reversed, the same argument could backfire: capitalism cannot work in developing countries because of "Indonesian scenario". Your correspondent is trying to prove this point for several years.

But let us forget for a while about macroeconomics. Let's go shopping!

In the last five years that I was involved in the affairs of this fourth most populous nation in the world, I had been forced to purchase countless services and appliances. Sad to say, but almost none of them survived more than few months.

Out of three DVD players purchased in legitimate electronic store, two quietly and inexplicably died. Few days after being installed, Panasonic A/C stopped working. At closer scrutiny I realized that electric wire had been cut and then extended by the worker employed by the store, exactly what even the huge warning sign on the cover was prohibiting to do. Store refused to reimburse me or to fix the problem, despite the fact that equipment was brand new and under the warranty.

Most people, of course, cannot afford A/C. But they can afford bakso and fish and soft drinks sold on the street in the makeshift warungs (local eateries). Approximately two years ago, even the pro-establishment English language daily Jakarta Post began the series of investigative pieces (very unusual occurrence in Indonesia) concluding that bakso was occasionally made from rat meat (cats in Jakarta are losing battle and there are entire armies of rats all over the city, mainly due to open sewages and extremely low hygienic standards), fish was sprayed with formaldehyde (chemical used to make corpses in the morgues look fresh) and that colorful soft drinks sold next to school entrances were full of life threatening chemicals. Needless to say, all warungs are private - nothing to do with the "planned economy". Foreign visitors and those whose stomachs are not yet hardened by Indonesian reality keep suffering from their annoying and severe food poisonings. Indonesians simply live shorter than most of the people in this part of the world, result of appalling quality of food, medical care, air quality, education and hygiene.

Market doesn't seem to correct much, except that local milk now costs US\$2 and local yoghurt between US\$3 and US\$8 per litre, pricing clean dairy products out of reach of ordinary people and children (if it would be Vietnam, the government would be shamed by international organizations, but nobody shames "the market" in Indonesia).

In major Indonesian cities, smaller number of people has access to clean drinking water than in Bangladeshi and Indian major urban centers. Distribution of water had been, certainly, privatized several years ago. Even pro-market British news magazine The Economist admitted that prices of water skyrocketed and quality declined. Only around 30% of Jakarta residents now rely on "municipal" (private) water distribution. Rest of the people is digging their own wells, taking water from contaminated earth. But the pumps are selling well, pro-market enthusiast would exclaim in delight.

What about the upper class? Their members must be surely satisfied with the present situation. Yes and no. Of course most of them would never live anywhere else. In Jakarta and other major Indonesian cities, they can get near-free labor force; entire army of maids, drivers, gardeners, nannies, cooks, masseuses and guards - something unimaginable even

in India or in most of other poor countries. In luxury shopping plazas, these proud couples walk on the marble floor with their latest imported designer sandals, while the nannies in uniforms are carrying their screaming infants, maids drag shopping bags, drivers waiting in garage near their luxury German cars.

They can also play golf as Jakarta is being constantly promoted as one of the best golf destinations in the world. There are so many golf courses because the public spaces, including parks, sidewalks and children playgrounds had been stolen (privatized?) from the majority and converted to either country clubs or golf courses for the rich, or to thousands of new mosques.

But even the rich have to deal with terrible services offered by capitalist Indonesia. Try to buy the car and you will be faced by the same situation as in former East Germany or Poland: you will have to pay deposit and then wait until it is your turn. More desirable car, longer will be the wait. Or you will be asked to pay so called "upping": in exchange of bribe you will be moved up on the list. The same with computers: go to one of the Mac retailers just to find out that the model that you want will not be available - the staff will try to push models that it wants you to buy.

Finnish television crew that was shooting a documentary film in Jakarta correctly pointed out that "the first choice is never available". Well, bit like in the good old USSR.

The money is the pre-condition for surviving in Jakarta. But having it still does not guarantee everything.

Even the rich have to breath terrible air, experience lack of green spaces (of course they can escape abroad or to their private enclaves), shower with contaminated water and periodically suffer from poisoned and spoiled food.

The poor are very poor, and there is absolutely no doubt that they would be much better off in the Communist country like China or Vietnam, except that they do not know it, as they were told for years that Communism and anything connected to the Left is evil. They have no unions and no politicians willing to look after their interests. They are totally abandoned and vulnerable, defenseless. And no matter what official statistics say, the majority of Indonesians live in misery.

Poor or rich, people have to move around and they have to communicate. Surely here the capitalist system would show its superiority: providing super-highways, modern airports and high-tech Internet and mobile phone network.

Absolutely wrong! Three short sections (the longest being 140 kilometers) of motorways originating in Jakarta are all there is in the country with approximately 250 million inhabitants. So-called highway between Jakarta and Bandung makes Ceausescu-era motorways in Romania look like the space-age engineering achievement. Romanian highways were bad but free, while Indonesian are private and by the local standards outrageously expensive.

Out of more than a dozen of mobile phone operators in Indonesia -all of them are private - not one is able or willing to guarantee decent coverage. And the country is fully relying on mobile phones, as it has much smaller number of landlines than even Vietnam. While tariffs are the highest in the region, calls are constantly interrupted or impossible to make ("network busy"). If connected, poor reception makes normal conversation almost impossible. But the customer is still charged, even if he or she cannot hear. Customer service is unavailable or indifferent. Companies are competing, but not one of them is willing to improve the service. Market is regulating nothing!

Internet connection is in primitive and infantile stage. High-tech smart phones - symbol of new rich - are nothing more than a show-off sleek toys, hardly useful in the country where even simple completed phone call can be considered to be a strike of luck.

You thought that Soviet Aeroflot was bad? Come to Indonesia. Air travel became so dangerous that European Union banned all Indonesian airlines from landing on its territory (in the time of writing this piece, the ban was in effect) after series of grizzly accidents and reports that stated that Indonesian pilots - mainly those working for the private airlines - were forced to fly badly serviced and malfunctioning aircraft.

Partially private or fully private, Indonesian airlines have some of the worst safety records in the world and the rock-bottom quality of their pilots cannot be matched almost anywhere in the world: planes are sliding off the runways, landing in the middle or missing them all together.

Almost all smaller ferries connecting this vast archipelago are privately owned. They are experiencing frequent engine failures and they sink at alarming rate. Profit is the king and shipping companies make sure to overload them to extreme. There seems to be no concern about the comfort or even safety of the passengers. Result: hundreds of people die every year. Sometimes thousands, if the seas are exceptionally rough.

The same can be said about the "public transportation" which in the most of the Indonesian cities consists of dirty and polluting mini buses that would make even the Soviet or Bulgarian fleets from the 70's look like shining and new 21st century UFO-mobiles. Of course, all those buses are privately owned, some by the members of the government who are

supposed to fight pollution and improve living conditions of the masses. Buses in Hanoi are incomparably better. Public and state owned buses in almost all large Chinese cities (some of them use ecological and quiet electric trolleybuses) lately resemble those in France or Germany, while losing all resemblance with the ones that are crisscrossing hellish streets of Jakarta.

Hundreds of kilometers of new public owned subway lines in China are actually better than those in France. Indonesia has nothing of that sort (even the money for monorail in Jakarta - private project - had been stolen and no investigation launched), its only claim to fame are private vehicles of thousands of thieving and often corrupt business people - bapaks -warming the back seats of their BMWs majestically driving near open sewages and begging children.

So what happened? Wasn't the holy market supposed to take care of all that, pushing prices down, making sure that there will be diverse scale of excellent goods and services at affordable prices - real consumer paradise?

But maybe "official services" are not where the real answers are? Maybe there is some hidden ingenuity that shows great results at the back alleys instead of at the main shopping plazas in the center of the capital? In that case one should go to Bandung - to the city renowned for its pirated and fake goods. Surprisingly, while WTO forced closure of many stores with counterfeited goods in Hanoi, Beijing and Shanghai, Bandung is still selling fake Burberry's, Gucci's and LV's in a broad daylight, on the main avenues, in so called boutiques and factory outlets.

One can hardly be critical of attempts to counterfeit goods in such a poor country like Indonesia. But even when trading with the pirated goods, some unwritten rules should be respected. Rule number one: customers should know what they are buying. If they are buying fake, they should know they are buying fake.

But in Indonesia, enterprising counterfeiters are often building marble-floor boutiques with waterfalls by the entrance, charging for fakes (like absolutely bogus Hugo Boss shoes that go for over US\$250) the price of originals in Singapore. To protect their businesses, "factory outlets" employ private armies to guard their empires, while state police is happily taking bribes and closing both eyes. It is heavily fortified mafia operation that counts on full complacency of the local press. WTO is, as always; busy trashing China and Vietnam.

Of course Soviet block countries had their own black market and their own counterfeiters, but it was a "clean game" - sellers did not hide what they were selling and buyers knew perfectly well what they were buying. In Indonesia, the line between the real and fake is blurred. Victims are, naturally, local people who hardly ever travel and can't compare and who, it seems, can never win.

But consumer goods are not everything. What about medical care? That's where everybody agrees: in Indonesia, medical care is generally terrible and overpriced. State hospitals have 3 classes, like old European trains before the WW2. In the 3rd class, essential medicine should be free, but doctors and nurses often telling poor patients that life saving drug is not available, then chasing their relatives down the corridors, offering the same medicine at the "discounted rate". Private clinics have carpets and A/C, but not necessarily better doctors. As a result, those who can afford to pay for airplane ticket and fiscal (Indonesian citizens and permanent residents are discouraged from traveling abroad - adults have to pay approximately US\$120 plus US\$11 dollars - absolutely straight-forward and unexplainable robbery - in government tax and departure tax every time they fly out of the country), make sure to get much better medical treatment in Malaysia, Singapore or Thailand.

Your correspondent underwent dental treatment at one of private dental clinics in the posh shopping mall - Plaza Indonesia. After more than years of ordeal (and couple of thousands of dollars later), I asked for the second opinion in Japan, where the medical care is socialized. My Japanese dentist stared at my teeth in horror and so did, few weeks later, the dentists in Europe, who actually invited his students to come and see the x-ray results, indicating how in Jakarta dentists "slam the crowns over unfinished and infected root-canals". I had a choice to leave, of course, and my teeth got eventually fixed because of (much cheaper) and excellent public medical care in both Japan and Czech Republic. Needless to say, most Indonesians do not have that choice.

In 1965, Indonesian military, supported by business elites and religious cadres, murdered between 1-3 million people. Many were members of PKI (at that time the 3rd largest Communist Party in the world), others were Chinese, and some were simply unionists, teachers or atheists.

Suharto and his cronies turned Indonesia first to the killing fields, than to enormous sweatshop, paradise for foreign "investors" who were suddenly free to plunder natural resources and to exploit underpaid, uneducated and unorganized workforce.

Communist Party and everything else "Communist" had been banned. And so were Chinese culture, Chinese language, and even Chinese names. Today, Indonesia does not have Chinese minority, because almost nobody here speaks Mandarin or Cantonese, nobody has names that would identify them as Chinese; nobody has any clue about greatness of Chinese culture. What Indonesia has are people with Chinese blood, but blood can neither think nor speak! Banned was also atheism - the most tolerant of human faiths.

In exchange, Indonesians were promised benefits that were supposed to arrive with the market economics. Market, as we all heard so many times in the past, was supposed to regulate everything, even itself. It was supposed to bring great benefits, material goods and services to almost everybody, except those few lazy bumps hanging around and doing nothing.

In Indonesia, capitalism never delivered. China (PRC) is now more than three times richer than Indonesia, in per capita basis. It still has many problems, but the problems are being addressed, one by one, while in Indonesia people have totally lost their voice. In the time of distress or tragedy, they have nowhere to turn to, nobody to defend them.

In 2007 Transparency International's Corruption Perception Index (CPI) placed Indonesia on 143rd place (out of 180 countries surveyed), making it one of the most corrupt major nations on earth. Even Philippines (another pro-market champion) fared somehow better at 131. In both Communist countries corruption index improves dramatically: Vietnam moved up to 123 place and China to 72nd, faring much better than Thailand.

Was it all worth it? All that killing of millions that made lesser than 1% of the population obnoxiously rich. And what about the rest of the nation? Are Indonesian consumers really the kings; are they always right? When people's cheap rubber flip flops break and their feet get injured by metal rusty junk covering Jakarta streets (there are hardly any sidewalks, as those would be "too public" and would allow the poor to walk to too many places designed for the rich only) - where would they complain?

If their house collapses after earthquake, where would they go? If their child sick from filthy (privatized) water supply dies because the private ambulance demanded too much money and family did not have it, where would the parents unleash their grief and wrath? When the children begin to suffer from malnutrition as the food prices (liberalized) are soaring, where can the family get help?

The markets are actually regulating themselves, but for the benefit of the very few, not for the majority. Level of the services in Jakarta could be quite similar to the level in Moscow, some 30 years ago. The only tiny difference would be that in Moscow, food, transportation, gas, electricity, education, medical care and housing were almost free. Indonesians are expected to put up with the rudeness, terrible goods and services, lack of customer protection and above all, while paying premium prices, often higher than those in developed countries.

It is not working and it is not going to work. Capitalism can't be beneficial to the people in developing countries. Because Indonesia is a living proof of it!

Andre Vltchek: novelist, playwright, journalist and filmmaker. He is an author of several books. His latest novel, Point of No Return, shows New World Order through the eyes of progressive war correspondent. Andre lives and works in Asia and South Pacific and can be reached at: andre-wcn@usa.net