OPINION ACADEMIA

Communication: The policy tool we keep forgetting

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In today's economy, a good policy can still fail if it isn't explained well. And often, clear communication is what decides whether a policy succeeds or flops.

This year, Indonesia's financial markets gave us a sharp reminder. When the rupiah slipped to around Rp 17,670 per United States dollar in May, markets watched two things: the steps taken by monetary authorities and the messages coming from government officials. Some remarks meant to calm the situation only fueled new debate. Public attention shifted from the policy itself to how the message was being read. In the meantime, Bank Indonesia (BI) had to inject about US$10 billion in reserves just to steady the market.

Then came the announcement that exports of palm oil, coal and nickel would be centralized through PT Danantara Sumberdaya Indonesia. The intent was clear: strengthen control over export earnings, increase state revenue, reduce under-invoicing and improve Indonesia's position in global trade. But before the strategy was understood, markets interpreted it as more state intervention and more uncertainty.

Markets don't just react to policies. They react to communication. In a modern economy, unclear messaging can spike volatility, weaken the currency, raise funding costs and make investors wait on the sidelines. Perception moves faster than policy.

I learned this firsthand leading a bank through the 1998 crisis. We had to merge eleven banks with different cultures and systems. I assumed the hardest part would be the technical work. It wasn't. The real challenge was fear. Employees worried about their jobs. Customers worried about their savings. Investors and regulators questioned the new direction.

A consultant told me something I've never forgotten: transformation doesn't succeed because of strategy alone. It succeeds when leaders can communicate change. Every change means moving into the unknown. Uncertainty creates anxiety. Anxiety creates resistance. Good communication is what turns anxiety into trust.

This isn't just true for companies. It's true for countries. In the early 1930s, America was in a deep crisis. Banks were collapsing, unemployment was rising and trust in government was breaking down. Franklin D. Roosevelt didn't just launch the New Deal. He made communication central to it. Through his "Fireside Chats" on the radio, he explained what the government was doing, why it mattered and why people didn't need to panic. Confidence returned. Money flowed back into banks. Calm replaced panic. Roosevelt proved that a policy's success depends as much on how it's explained as on how it's designed.

Asia shows the same pattern. Malaysia under Mahathir Mohamad consistently communicated Vision 2020 and its industrialization goals. Vietnam, since Doi Moi, kept explaining its open economy and export focus, drawing in global manufacturers. Japan after World War II and

South Korea during industrialization succeeded not just because of good policies, but because they built collective belief in the future. Even during the 1997 crisis, South Korea's clear messaging about reforms helped restore investor confidence faster.

Singapore during COVID-19 offered a more recent example. The government explained every health rule and stimulus measure with transparent, data-based, easy-to-understand communication.

The lesson is simple: reforms work better when their purpose and benefits are communicated openly and consistently. The hardest part of transformation isn't writing the policy. It's building belief in it. Investors can take risk. Businesses can adjust. The public can accept short-term sacrifice. What everyone needs is clarity about the direction.

That's especially relevant for Indonesia now. President Prabowo's agenda - covering food and energy security, downstreaming and strategic industries - will need investment and execution, but also a shared understanding of where we're headed.

Communication should be part of policy design from the start. Proactive, consistent and open to dialogue. Only then can trust from investors, businesses and the public grow with the transformation itself.

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