

# THE Bell Tolls

"Any man's death diminishes me, because I am involved in mankind; and therefore never send to know for whom the bell tolls; it tolls for thee."

— John Donne, 1624

Forgive me for resurrecting a famous old quote, but it kept coming to mind last month as I flew back from a difficult trip to Indonesia. Anybody following the aviation industry has been hearing the bells toll for Indonesia, where there have been three major crashes in just the first half of 2007. Its 10-year accident rate is 3.1 per million departures, at least triple the global accident rate.

Safety there has not been good for some time, and it's not getting better. The most recent crash compelled the U.S. Federal Aviation Administration to review Indonesia's status under its International Aviation Safety Assessments Program. The agency found that Indonesia fell short of International Civil Aviation Organization standards and downgraded the nation to Category 2. The E.U. followed, blacklisting all Indonesian airlines.

Just seven years ago, Indonesia had five airlines that carried approximately 10 million passengers in that year. In 2006, 25 airlines carried 30 million passengers, a 200 percent increase in passenger traffic in six years. The Indonesian government expects passenger traffic to reach 70 million by 2010. That rate of growth is almost unmanageable but it is low compared with other countries in the region.

It gets worse. The airlines I spoke with in Indonesia have lost about 30 percent of their pilots to other regions of the world. The regulator has lost about 30 percent of its inspectors and has about half of the inspectors required for today's needs. The great aviation personnel

shortage has hit Indonesia hard, and its body count proves it.

How does a young democracy with more than 230 million people cope? So far, not very well. Structural reforms to deal with this growth are overdue. Inspector pay is a fraction of what it needs to be to retain good people, and yet the growth continues. The country's highest-ranking officials know what to do, and they are committed to doing it. It will be painful, it will take time, and it may not happen soon enough to avoid further disasters, but it must succeed.

This is just an early battleground; the same dynamics linger below the surface throughout Asia, Eastern Europe and elsewhere. If those of us who have the answers ignore this problem, we are going to have front row seats when the balloon goes up.

Our industry must find a better way to manage itself. Investment bankers with wildly optimistic cash-flow models are going to keep buying airplanes and starting airlines. The aviation industry needs to reach out to these emerging carriers and help them to see a way to profitability that follows a path of safely managed growth. Governments that have waited decades for prosperity are not inclined to say "no" to growth. They need good advice and positive reinforcement. Clearly, I see a role for the Foundation. When I call for help, I hope some of you will answer.



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