

## Disconnect between global concerns and local issues continue.

The series of special polls keeping a finger on the pulse of the Indonesian consumer continues. 2,015 respondents 14 years and older were interviewed by Roy Morgan Research in the big cities, smaller towns and villages across the country. The results were recently compiled for public release.

Asked which was the main factor that influenced the current economic conditions, almost half the respondents believed it was the price of everyday essentials. Though lower than the runaway prices of 2008, the pain at the *pasar* is still being felt. This is more pronounced among women. In sharp contrast, only 37 per cent believe the primary reason for today's difficulties is the global economic crisis. This view is shared predominantly by the younger generations 14-35 years of age, more an urban view rather than rural. There can be no harder evidence of the big divide, global concerns versus local issues.

Respondents were then asked about their fears today. Above anything else, the biggest worry is the prospect of not being able to pay for the household's daily expenses. Six out of ten Indonesians share that concern, a fundamental nagging fear that doesn't go away. It's a simple number that speaks volumes, drawing a line between the haves and the have-nots. That dividing line is perhaps best expressed in material terms by those who have a motorcycle in the household and those that don't. Many of them find it difficult to pay the bills even at the best of times. Then there are the underprivileged, about a third of all households who own precious little.

Today, 48 per cent of Indonesia's believe that the current situation "has influenced my life". 37 per cent believe it "has influenced my life very much". The small percentage that have a car at home are indeed Indonesia's affluent, in varying degrees of comfort to opulence. Dinner party conversations focussed on the price of BMWs, the decimated values of mutual funds or the state of the stock market reflect the callous attitude of the elite. Insensitive to the concerns of the majority, they are victims of their own ignorance. Overly influenced by the global turmoil, using it as a convenient excuse, some of them have added to the present pain of the common man. Jobs that could have been saved were not, prices that could be lowered were not.

41 per cent of the population fear that "the head of the household will be out of work" as a result of the economic conditions. This is even more a concern in rural Indonesia. With the average main earner accustomed to the usual struggle to pay the everyday expenses, this is akin to an existential threat affecting much of the population. A third of the population worry that "the head of the household will not be able to find work", despite the fact that retrenchments have slowed down and some of the skilled workforce is beginning to find jobs again.

In terms of social impact, 38 per cent fear an "increase in criminal activities". 36 per believe that "social unrest like riots" are not beyond the realm of possibilities. This far, these worries have been largely unfounded with no noticeable spikes in crime reported from around the country. Only 4 per cent of respondents appeared to be unperturbed by current conditions.

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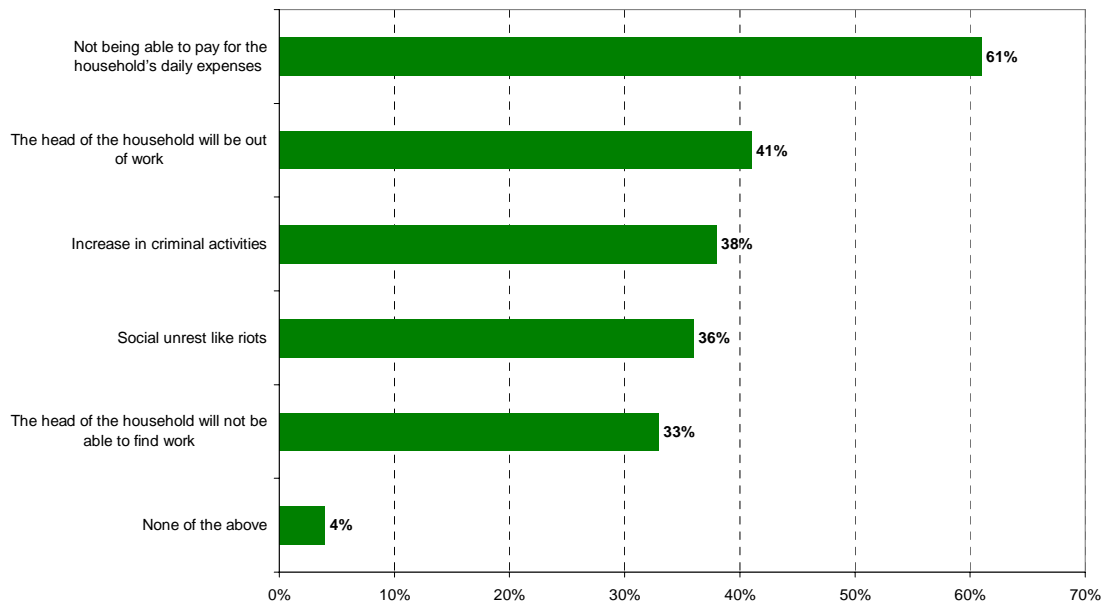
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FEARS OF THE PEOPLE IN THESE DIFFICULT TIMES



In contrast, the amazing optimism of the same Indonesian consumer is reflected in the Roy Morgan Consumer Confidence index at 117, among the highest in the world. Hope for better times, even in these difficult times, reigns supreme. That confidence, that hope, is being supported by government initiatives at the grassroots and national levels. Stimulus funds have started flowing to build infrastructure projects both large and small. Gross Domestic Product is in positive territory, third only to China and India. The national debt that will finance much of these job-creating projects is not to be compared with the burden facing neighbours like Australia. Even the IMF has recognised Indonesia's immediate prospects, revising its forecast upwards.

The United States is in a league of its own with the individual share of its debt presently at over US\$ 35,000 per capita today. That debt is expected to soar uncontrollably forward to US\$23 trillion by 2019, saddled with the rising healthcare and social security costs of an ageing population. Those borrowed funds are financed largely by China, Japan and the European Union. The impact of a no-show at the next monthly auction of US Treasury bonds is unimaginable, with consequences that would dwarf today's global financial crisis. Then, the shades of pain in Indonesia would turn several shades darker. For now, there is no better protection than their need to buy more in future, to protect the investments of the past.

Such doomsday scenarios are beyond the control of individual businesses. What is within reach is the ability to protect as many jobs as possible, cut wastage and keep prices in control. It is the high price of everyday essentials that is creating the current stress faced by the average Indonesian.

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