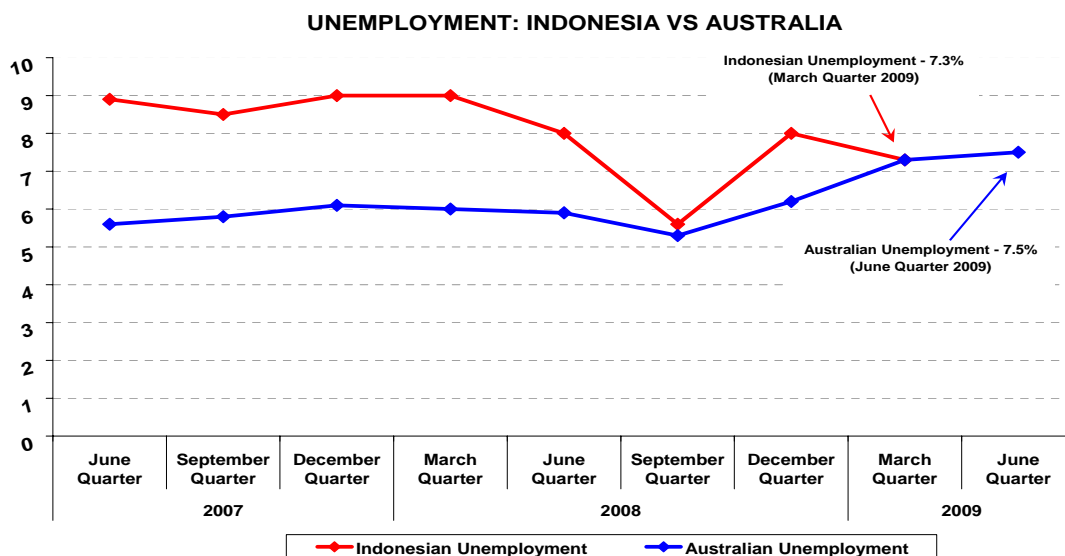


If Jobs are Job No.1, the Job's Being Done Well.

The change in tone from media around the world is now so noticeable. The days of economic armageddon are over, with even the fence-sitters hedging their bets by saying the situation has stabilised. But the same lessons that should have been learnt after the Internet bubble burst in 2000 seem to have escaped us again. Time and again, a small group of unscrupulous bankers unsupervised by incompetent regulators fail the rest of us.

2008's global financial crisis was a tsunami that never really came to Indonesia. It wreaked havoc on the handful of people with investments in the stock market. The collateral damage was felt acutely by over half a million workers who lost their export-driven jobs, many of whom have rejoined the workforce. For the rest of the country's mainstream, attention was devoted to battling a totally different kind of pain. For the overwhelming majority, that pain is the everyday struggle to put food on the plate, exacerbated during 2008 by the skyrocketing prices of fuel and food, both globally and locally. As soon as that pressure was reduced, with reductions in prices late last year, the collective sigh of relief was almost audible around the country. The people's reaction to Indonesia's crisis, virtually ignoring the 'GFC', is mirrored in several indicators reflecting the behaviour of the majority. In the main, armchair marketers and politicians remain oblivious to these realities, using an alien global event as a convenient excuse for their own failures locally.

A look at the Consumer Confidence index and the Unemployment Rating from Roy Morgan Research will reveal the truth. In stark contrast to much of the world, Indonesia was upbeat and downbeat, at different points in time and at odds with the global environment. A comparison with neighbouring Australia is a graphic example of those differences. In recent years, unemployment in Indonesia has hovered below the 10 per cent mark. Unemployment is defined as the percentage of people in the workforce 'looking for a job'. The workforce is defined as the number of people who have a job, plus the number of people looking for one. By that token, Indonesia has been doing remarkably well.



Indonesia's socio-economic indicators reflect the traditions and cultural mores of this developing economy. Two out of three women are housewives, even though wedding bells are ringing a little later in life than before. After accounting for students and retired people, there are always about 6 per cent of Indonesians who 'do not work'. That is approximately 8 million people. Many are high-school dropouts, a tiny fraction are disabled, but a large number are adults who live off the efforts of the rest of the extended family. They do not work, are not looking for work and as such, are not members of the workforce. This, despite the fact that most Indonesian households have more than one income, as the main income earner is unable to pay the weekly bills by himself alone.

What a difference a year can make. Driven by the fundamental need to survive in the face of spiralling prices, Indonesia's workforce found some comfort in jobs. More jobs. Unemployment raced downwards from 9 per cent in March 2008, to 8 per cent in the next quarter, to 6 per cent at the end of September 2008. As the 'GFC' gripped the world at that time, real cutbacks from export orders alone saw some 500,000 jobs go almost immediately. That toll was reflected in unemployment jumping back up to 8 per cent in the last quarter of 2008. The turn if events were understandable.

What is unforgivable are the convenient excuses trotted out for their own failures, the preemptive cutbacks by some CEOs inflicting pain on their own workers. In the main, the consumer economy chugged along, straining under the pressure of rocketing prices, but unaffected by the GFC. As soon as the prices of those essentials came down in the latter part of 2008, there was visible relief across Indonesia even as the GFC set in offshore. In stark contrast to the world at large, unemployment climbed down again in the first quarter of 2009. That trend is expected to continue, running in tandem with buoyant consumer confidence.

The exceptions, for just a while longer, are the obvious high-end products and services. We should remember that cars, airlines, credit cards and the like are used only by a tiny fraction of Indonesian society. Unfortunately, many of the users of those products and services are the same people who cannot imagine what everyday life is like for the mainstream, the have-nots. Unduly influenced by global events, the difficult times in the developed world, or losses in the JSE, they are unable to isolate extraneous elements and allow them to cloud their view of the local environment. Or worse, use them as convenient veils to mask the mistakes they have made. The fortunate few, some of whom are the urban cowboys both local and expatriate, often take decisions that adversely affect the lives of too many around the country.

The entrepreneur and the government, not just big business, are creating the hundreds of thousands of new jobs. Yet another positive economic indicator.

These opinions are based on Roy Morgan Single Source, a syndicated survey with over 25,000 Indonesians 14 years and older interviewed each year. That national database is updated every quarter. Almost 90 per cent of the population is covered, from the cities, towns and villages of Indonesia in the 16 densely populated provinces. An almost identical survey runs in Australia, used for comparison in the chart above..

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