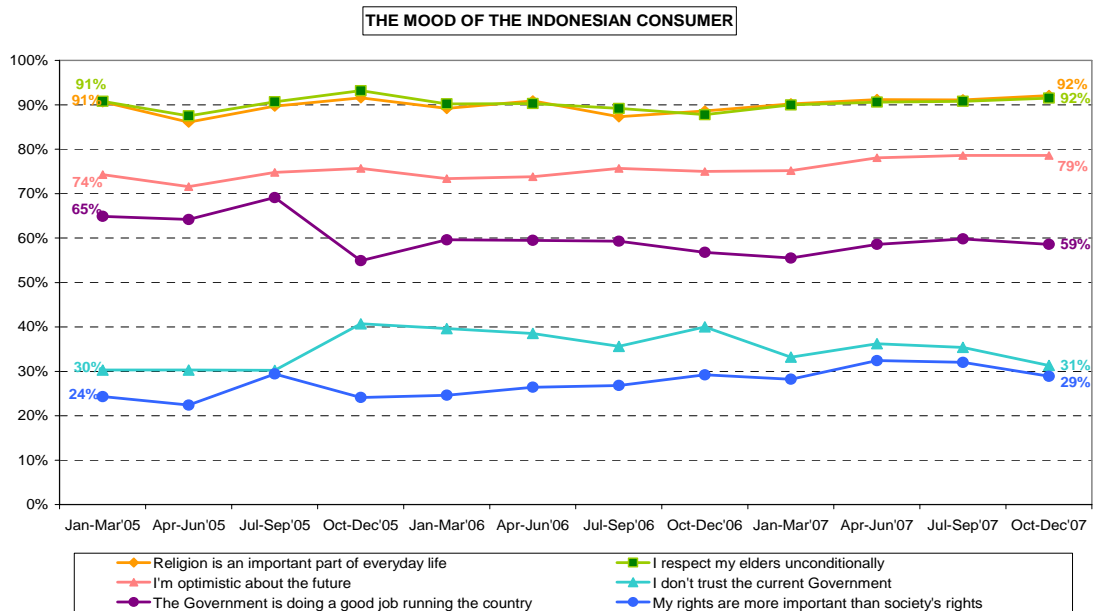


No signs of any upheaval yet, businesses need to foster consumers.

Most businesses ended 2007 on a high note. For some in consumer products and services, the first quarter has not been as rewarding. Senior managers and entrepreneurs I talk with have concerns about a sluggish consumer economy, their local worries compounded by global undercurrents. The price of a barrel of oil crossed the US\$117 mark last week. Japanese supermarkets have run out of butter, for the first time after World War 2. Many food exporting countries have cut back on supplies of grains to the world market. The price of food continues to rise, with food riots a reality. There is indeed much to worry about.

With a federal election around the corner in Indonesia, these major concerns have raised questions about the future of market prospects. Political instability and business inertia tend to work in tandem. Except of course in Italy, where business pays no heed to revolving door governments coming and going with amazing regularity.

Working with the facts in Indonesia, there are no signs of upheaval on the national radar. In an increasingly open society, 72 per cent of the people say “democracy is working”. Around 60 per cent are of the view that “the government is doing a good job running the country”. In the international arena, it is a score only Kevin Rudd’s government is currently enjoying in Australia. Only 31 per cent of Indonesians “don’t trust the current government”, a record low in comparison with other governments in power today. Almost 80 per cent are “optimistic about the future”. Consumer confidence is creeping upwards, not dropping like it is in the United States or Australia. In the boardrooms and dining rooms of Jakarta, this can be difficult to believe under the current circumstances that exist in the *pasar*. While we can expect more demonstrations against the rising price of grains, we are far away from anything more severe.



The situation will deteriorate rapidly only when the overwhelming majority, not just a slim majority, gets so frustrated that desperation sets in. It took forty years for a frustrated Palestinian majority to overthrow the ruling party of the iconic Yasser Arafat, but only after he passed away. For the Palestinians even desparation is not enough, as they are not the sole masters of their destiny. Hamas quickly squandered the chance they had won by popular mandate, enabling vested interests to take advantage of the stalemate that exists today.

If that example of political inertia reads like a condemnation of the less educated peoples of developing countries everywhere, think again. The world's most powerful leader recently declared that he was confident of a resolution of the Palestine-Israel conflict before he leaves office at the end of this year. We should not forget that this crisis has been the focal point of world tension since 1948, that a succession of world leaders have tried and failed to solve this most complex of conflicts, or that his voters elected him in to office not once but twice.

Ten years old now, this new but thriving democracy should not be compared with any other. It has been through its own desperation, a revolution, not so long ago. In India, the power of the ballot threw out a government that even the middle class credited as the architects of the country's economic march forward. But the majority believed that their India was not "shining", as the slogans claimed. That power exists and if the signals of turmoil were echoing loudly across Indonesia, we would have picked them up. We may indeed hear the clamour in the months ahead, so watch this space for ongoing coverage of this sensitive issue. In the meantime, the resilience of the average Indonesian and the patience of society as a whole, should not be underestimated. To take those characteristics for granted would be a grave error, but the signs will show clearly well before any turmoil erupts.

Another fuel price hike could indeed re-create the havoc of 2005. On the other hand, disbursement of seed capital to small business can lift the economy, not just individual spirits. Depending on mineral resource driven growth in GDP will squander the goodwill this government enjoys, depriving the underprivileged of opportunities that need to be created. It has been a long while since infrastructure development boosted employment, but all the while Jakarta has been crying out for a monorail system. With an election looming, the people can still hope for the unexpected before this term in office runs out of time.

For now, individual businesses would do well to monitor the bigger picture, to look at the details of their industry as a whole, operating within the overall context of the national consumer economy. Conclusions based on the performance of individual brands can be grossly misleading. Situations change affecting individual fortunes, as consumers adopt options like downtrading temporarily or switching out of a category altogether. Some win, some lose. Only when everybody sheds volume and market share, does calamity set in.

These observations are based on Roy Morgan Single Source, the country's largest syndicated survey with over 27,000 Indonesian respondents annually, projected to reflect almost 90% of the population over the age of 14. That is a universe of 140 million people. The results are updated every 90 days. The opinions expressed are my own.

The writer can be contacted at Debnath.Guharoy@roymorgan.com