



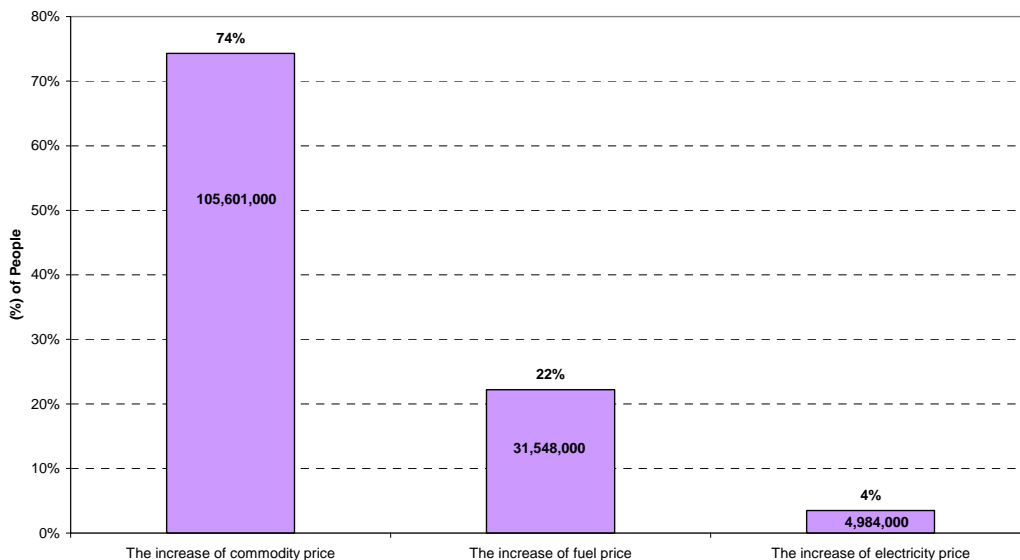
Faced with tough choices, consumers vote with their stomachs.

A special poll was conducted in April by Roy Morgan Research to understand the views of the people around the country on issues relating to the increasing price of fuel, energy and commodities. 2,010 respondents 14 years of age and older were asked what would impact more greatly on the lives of their families: the rising price of commodities, fuel or electricity. The overwhelming response was the price of commodities, with 74 per cent of respondents ranking it the No 1 concern. Projected to the national population, that would account for 106 million people concerned with the ever increasing price of food. The price of fuel ranked No 2 with 22 per cent of respondents and electricity with only 4 per cent.

Asked what they thought of “the government’s performance in managing the stability of prices of essential goods”, 0.1 per cent said “very good”, 21 per cent chose “good”, 52 per cent “bad” and 27 per cent “very bad”. Collectively, 8 out of ten people gave the government a thumbs-down. The anger was more pronounced in rural Indonesia, with women even more concerned than men about commodity prices. In May, fuel subsidies were capped, adding to the pain expressed in April. In June, the house of representatives re-opened the fuel debate.

Not surprising, at a time when global factors are influencing spiralling prices around the world. Demonstrations, strikes and disturbances continue in country after country. The Roy Morgan Good Governance monitor recorded a 1 per cent dip in the January-March quarter on “the government is doing a good job running the country”. In fairness to the SBY government, a positive rating by 58 per cent of the population is a strong vote of confidence by international standards. Where similar measurements are in place, George Bush crawls in the low 30s and Kevin Rudd alone is still sailing in the 60s. Leaders everywhere will continue to take a beating at the polls for some time to come, with no end in sight yet for the twin concerns of fuel and food prices.

"Which price increase would give the worst impact to you and your family life"



These conclusions 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. In April, 2010 respondents across the country were asked the specific questions relating to the impact of rising prices. The opinions expressed are my own.

The shift in focus to 'growing fuel' instead of food has hurt the global food basket even harder. Incentives have attracted farmers in the United States to convert corn to ethanol, instead of feeding humans and livestock. Conversion to biofuel is currently estimated to be contributing at least 30 per cent of the increases in the price of food. The escalating price of a barrel of oil which is nudging \$150 this week impacts not only the direct cost of transporting food, but the cost of fertilisers as well. Adding to these self-inflicted pains, people around the world are witnessing the growing demand for food exacerbated by crop failures resulting from droughts and floods.

A predominantly agricultural people, the Filipinos are today the world's largest importer of rice largely due to the lack of investment in agricultural infrastructure. An exporter of rice not so long ago, Indonesia is now heading in the wrong direction. As the price of food continues to spiral upwards, the impact on food habits is becoming visible again. While just about everybody continues to eat increasingly expensive rice, the consumption of beef, chicken and even fish is dipping again. Fresh vegetables are filling the gap.

Occasional handouts of cash by the government to the poorest sections of society cannot substitute the need for long-term solutions. All efforts to grow more food, locally, has got to take higher priority than it has in the past. The greater the self-reliance of each community, the lesser the dependence on transported food, the better-off everyone is going to be. To that end, no effort is too small or too big. While the need for mechanised farming to produce crops on an industrial scale is now greater than ever in Indonesia, it is also an ideal opportunity to address unemployment and unutilised arable land in one concerted effort.

Businesses big and small, especially those in food-related industries, can all contribute towards the lessening of this heightening crisis. Now is the time for food processing, packaged foods and food retailing companies to chip in. Using management skills and commercial leverage, efforts made to organise small farmers, influence and encourage banks to lend seed capital to them, helping organise transportation and guaranteeing purchase of produce will all pay dividends for mutual benefit.

Such strategic alliances between big business, big banks, small farmers and small businesses can only help build a stronger future, utilising the individual and collective skills of a wide-cross section of society. This is not charity, it is more common-sense. Shareholders everywhere would reap the benefits not just morally, but financially as well. It is an obvious opportunity to do some real good instead of paying lip-service to corporate social responsibility just because it is dictated by law.

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