

Recovering from crisis: more than just survival?

Review >
Indonesia

Resilience and a capacity for making the best of difficult circumstances are striking characteristics of many communities in the developing world. This ability to adjust is often tested by lack of opportunity and other obstacles that are beyond the control of society's weakest members.

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When the Asian economic crisis hit Indonesia in 1997-98, it threatened the slow yet steady gains that had been achieved in health, education, reduced infant mortality and poverty reduction. As banks failed, businesses and factories closed, the rupiah declined in value and food prices soared, it seemed that livelihoods and the emerging social welfare programs might be critically undermined. However, statistics from the Indonesian Family Life Surveys, collected before the crisis and again in the latter half of 2000, do not show long-term negative impacts on individual, family or community welfare. Many survey respondents experienced dramatic downturns from 1997, but for most this trend had either slowed or reversed by 2000. Although not all survey respondents had regained pre-crisis living standards, some had exceeded their previous levels.

The Central Bureau of Statistics conducted the Family Life Surveys, in which data was collected from more than 30,000 people across thirteen provinces between 1993 and 2000. Individual interviews were conducted with all par-

ticipants, providing a detailed database across a range of welfare issues such as employment, household expenditure and health. Data sets with particular relevance to the economic crisis are those evaluating the social safety net programs introduced to minimise the crisis' impact. They cover four main areas - subsidized food, employment creation, access to health and educational welfare programs and assistance for small and medium sized enterprises.

The Family Life Surveys show that subsidized rice, health cards and educational scholarships were more successful in reaching their target communities than employment creation programs, which were often not established. However, not all target households received benefits, and not all recipients were poor. In one year, 38 per cent of non-poor households in the survey received subsidized rice, whereas it reached only 57 per cent of respondents classified as poor. Interviews sought information, not only about the availability of programs, but also about the selection criteria for beneficiaries, and categories of people who decided upon eligibility. Unsurprisingly, decision makers were usually village heads or other local offi-

cials. In health fields, midwives or staff in village clinics also often determined inclusion or exclusion.

Indonesian Living Standards: Before and After the Financial Crisis is one of several recent books based on Indonesian statistics, following improvements in the country's data collection and processing. These publications help to fill knowledge gaps which, for political reasons, could not be adequately examined during the Suharto period. The contributors to this publication have backgrounds in economics, population studies and policy studies and provide statistics in over 200 figures and tables, accompanied by explanatory notes and brief analysis. The authors admit the limitations of an econometric orientation, and point out unanswered questions which need further qualitative research. Despite the quantitative focus, the accompanying text contains valuable background information on employment, health, education and other social welfare issues in Indonesia.

Identifying gaps

The writers point out that the survey results present a macro-image of overall recovery which may conceal the existence

of continuing adverse impacts. For example, the tables show shifts in employment patterns between private and government sectors, self-employment and unpaid family labour, without identifying any social problems associated with those movements. Employment rates actually rose slightly between 1997 and 2000, though approximately half of this work was unpaid labour in family businesses. The number of people holding more than one job also rose. Overall, wages had recovered by 2000, though unevenly, with private sector wages still low.

While the drought and fires of 1997-98 are acknowledged as factors exacerbating the economic downturn, the figures do not differentiate between the economic crisis and other disruptive events which occurred during the survey periods. One of these is communal violence which caused displacement and unemployment, and reduced tourism income. For a variety of reasons, many people have found alternative work in petty commodity production and trade, pedicab or motorbike-taxi driving. One common impact of this is an inability or unwillingness by local government to accommodate more informal traders and increased traffic congestion. New regulatory policies are being formulated that may initiate another employment shift, or further unemployment.

On the whole, Indonesian society appears to have survived the financial crisis of 1997-98. That event has since been overshadowed by other crises which continue to test the population's ability to 'make do' through difficult situations. One attempt to address the country's many problems is the radical regional autonomy program which increases decision-making and financial responsibility at local levels. Although it was implemented after the latest Family Life Survey, the book contains a preliminary discussion of its impact on social welfare. It will be interesting to see the results of future surveys, and the team's evaluation of Indonesian living standards before and after decentralization. <

- Strauss, John et al. 2004. *Indonesian Living Standards: Before and After the Financial Crisis*. Singapore: ISEAS; Santa Monica: RAND Corporation, Yogyakarta. University of Gadjah Mada, pp 402, ISBN 981 230 168 2 (ISEAS), 0 8330 3558 4 (RAND Corporation).

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