

INDONESIA: SOCIO-ECONOMIC CRISIS

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The Disaster

Since the Asian Economic Crisis struck just over one year ago, the people of Indonesia have seen a dramatic turnaround to their fortunes. From a situation of steady improvements in peoples lives, year by year, with ever rising numbers joining the rank of the middle class, millions of people are being thrust into dire poverty. By the end of 1999, the International Labour Organisation predicts two thirds of Indonesians will be living in poverty, defined as a daily income of one USD in urban areas and 0.8 USD in rural areas. The Indonesian rupiah has lost almost 80 per cent of its pre-crisis value; many banks and large companies have closed; inflation stands at 65 per cent, and unemployment is soaring. At present, according to the ILO, 15,000 Indonesians are losing their jobs every day, with an estimated 6.7 million people expected to lose their jobs by the end of this year.

The strongest *El Nino* effect ever recorded caused serious drought, which in turn reduced the rice yield; this created a need to import 5.1 million tonnes of rice during 1998. As the imported rice has to be paid by a hugely devalued rupiah, the cost of imported rice has more than quadrupled from the pre-crisis level.

The combination of massive unemployment, a weak currency and high inflation has impacted on communities throughout the Indonesian archipelago. It is reported that many families can only afford a single daily meal (*Jakarta Post*, 14.9.98) and that the "urban poor are especially vulnerable" (A.M. Saefuddin, Food Minister, 14.9.98).

In May, the economic factors as well as political and ethnic ones resulted in the toppling of the Indonesian government of President Suharto amidst widespread rioting; more than 1200 people died. Legislative elections are scheduled at the end of May 1999 to be followed by presidential elections by the end of the year.

Despite IMF-approved reforms, economists forecast that the Indonesian crisis will last for at least another two years. The reforms are expected to increase suffering of the more vulnerable in the short term. Many families are already unable to eat more than a handful of rice per day. The prospect of millions of urban unemployed being unable to fend for themselves is real. Combined with this, there is rapidly diminishing access to health care.

Red Cross/Red Crescent Action

Throughout the country, and especially in Java where the economic downturn is most seriously felt, Indonesian Red Cross (IRC) chapters and branches have responded to the crisis in a variety of ways. Some chapters and branches were very active during the disturbances earlier in the year, thereby gaining enormous respect from the public.

The IRC branch in Solo (Surakarta) city in Central Java was the first to start a so-called *Crisis Centre*. The centre has evolved from assisting mainly victims of the disturbances in the first part of this year to catering now primarily to families that have been adversely affected by the economic crisis. The centre provides subsidised rice for selected beneficiaries and free health checks and medicines. For the moment the centre relies entirely on local resources and fund-raising, in co-operation with local media outlets. The Solo centre has become a model for another 27 IRC chapters and more than 300 of their branches.

On October 19-20, the IRC will organise in Solo a meeting of representatives from all chapters to discuss the implementation of a nation-wide scheme, based on the Solo experience. It is hoped the meeting will provide strategies for its chapters and branches to meet the needs of those most seriously affected by the crisis.

The Federation delegate in Jakarta is in daily contact with the IRC leadership and has travelled widely in Indonesia in the past few weeks. Disaster preparedness and information delegates from the Regional Delegation in Kuala Lumpur have also been in Indonesia, which included making visits to the Solo branch. It is planned to include assistance to the IRC in the fields of Institutional Development and Information in the International Federation's Emergency Appeal for 1999.

A major effort of the Singapore Red Cross has resulted in a relief programme for Indonesia under which 100,000 beneficiaries will receive various relief goods, including food and medical care. Distribution of relief has already commenced and will continue into 1999.

One very negative consequence of the crisis is the threat it poses to the National Society's blood transfusion services. By government decision, the IRC is responsible for the national collection, supply and distribution of blood and blood products. Because of heavy reliance on imported consumer goods, and the need for the IRC to produce blood services at cost, fewer and fewer people can afford blood and blood products. Unit cost of blood stood at IDR 10,000 before the economic crisis; it now stands at IDR 45,000. This is a serious threat to future sustainability of the IRC's blood transfusion service.

At present, 80 per cent of the IRC's blood collection comes from voluntary donations, with the remaining 20 per cent coming from relatives of patients that need blood. Also, over the past 30 years the IRC has seen a steadily growing blood donor base - now about one million people a year - as a result of public awareness campaigns. So, although the National Society is in a position of being able to provide a relatively plentiful supply of safe blood, the cost of the end-product is beyond the financial reach of the majority of those who need it.

Needs

The unfolding of this economic crisis is a very dynamic process. The effect on people differs depending on a variety of factors and on their respective coping mechanisms. Whilst overall, an increasing number of people are having difficulty providing food of sufficient quantity and quality to their families, some groups of people do have adequate resources. Meanwhile, children and the elderly tend to suffer disproportionately and the increased cost of health services will almost certainly become a serious problem.

Higher prices may well lead to an increase in rice production, which may not be reflected immediately in the next harvest (in February). At the same time, the consequences of the crisis for urban dwellers are evident in the city of Solo, where many of the garment factories have laid off many of their workers. These urban unemployed are likely to face continued and increasing hardships.

Before any response by the International Federation to the deteriorating situation in Indonesia, a thorough assessment will be made of the needs of potential beneficiaries, the capacities of the IRC's branches and ongoing or likely assistance of other actors, such as the government and other international agencies (including WFP who currently have a massive food operation for drought hit areas). Discussions and data collection is taking place between the Federation and IRC so that a draft emergency plan can be adopted at the meeting on 19-20 October. However, with millions of people caught in a downward economic spiral where "more and more people simply just cannot afford to eat" (H.S Dillon, US Centre for Agricultural Policy Studies) it is clear that any emergency response will have to be considerable.

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