

## In this Issue

- ♦ *The Next Indonesian Presidency and the Future of Malaysia-Indonesia Relations*
- ♦ *Waste Management in Japan and Malaysia: Centralise or De-centralise?*

## The Next Indonesian Presidency and the Future of Malaysia-Indonesia Relations

**M**r Achmad Sukarsono is Principal Consultant at The Habibie Center (THC) Associates in Indonesia. Associate Professor Dr Farish A. Noor is Senior Fellow at the S. Rajaratnam School of International Studies (RSIS), Nanyang Technological University (NTU) in Singapore, and Visiting Fellow at ISIS Malaysia. Both gentlemen were guest speakers at an ISIS International Affairs Forum on 22 August 2014. Their presentations sought to examine the outcomes of Indonesia's landmark presidential election and explore the implications for Malaysia-Indonesia relations. The Forum was moderated by Tan Sri Rastam Mohd Isa, Chief Executive of ISIS Malaysia. ISIS Analyst Ms Zarina Zainuddin reports.

### People first

Who is Mr Joko Widodo, or "Jokowi" as he is known in Indonesia? Why is he the "Man of the Masses"? Historically, Indonesian presidents and presidential candidates came from the military and political elite. Jokowi, however, grew up in the slums. He comes from the major ethnic group (Javanese) and largest religious group (Muslim) in Indonesia. As a Muslim, he is devout but not conservative and supports pluralism. As Mr Achmad Sukarsono put it, Jokowi "walks, talks, eats, dresses" like ordinary Indonesians. For the Indonesian masses who supported him, Jokowi is "one of them".

Jokowi's first priority, said Achmad, is to champion the interest of all Indonesian people. Jokowi aspires to change the mindset of the people; for Indonesians to self-reflect and move forward with a mental revolution. He intends to begin the process by providing the Indonesian masses with better access to healthcare and education. Protection for the masses as well as minority and marginalised groups is expected to increase, while fewer incentives will be provided for the elite. According to Achmad, Jokowi serves not to be served, a concept that is new for Indonesians.

### A nationalist reformer

Jokowi is a reformist and a late bloomer who is part of the "new breed of post decentralisation politicians". He joined the Indonesian Democratic Party – Struggle (PDI-P) in 2005, and given his background, Jokowi has an intrinsic understanding of the people on the ground. He does not, however, have political experience at the national level and is likely to depend on members of his party. The PDI-P is nationalist by nature. Achmad expects PDI-P's brand of nationalism to permeate Jokowi's government.

As a nationalist, Jokowi is likely to concentrate on domestic over international issues. Achmad contends that Jokowi will be keen to protect the sovereignty of Indonesian territories and pursue the concept of Indonesia as a maritime state. Despite being the world's largest archipelago state, Indonesia



has not behaved like one. For one, Indonesia does not have a strong navy, one that is able to protect its sea lanes and curb illegal fishing as well as other incursions. Jokowi also wants to step up patrols in the Strait of Malacca using new technologies such as drones. In addition, he plans to improve and greatly expand internal shipping lanes within Indonesia to keep shipping and transportation costs lower.



*Jokowi receives his inauguration as president in front of the people's consultative assembly in Jakarta. Photograph: Denny Pohan/Demotix/Corbis.*

### **Experience matters**

Jokowi is a self-made businessman; he struggled for years facing many obstacles including being swindled and going bankrupt before finding success in the property and furniture business. As a businessman, he has encountered corruption, competition, trade barriers (exporting to Europe), tedious bureaucracy and various management issues. Achmad believes Jokowi will use his vast experience to address and deal with economic issues in Indonesia.

***... Jokowi will be keen to protect the sovereignty of Indonesian territories and pursue the concept of Indonesia as a maritime state.***

Jokowi is likely to favour strengthening and increasing incentives for small and medium enterprises (SMEs) as his own business was also considered an SME. With the ASEAN Economic Community (AEC) looming, he plans to “play smart” about economic liberalisation. While understanding its benefits, he is also cognisant of the challenges the AEC poses to Indonesian businesses. Achmad said that Jokowi intends to put in place non-tariff barriers as a buffer for local businesses although the finer details are not yet known. Jokowi wants Indonesia to be prepared; to find competitive sectors and strengthen weaker ones. According to Achmad, these were some of

the lessons Jokowi learnt while exporting to Europe. Even though Jokowi supports intra-Indonesia migration, he wants a closer scrutiny over the process of economic migration. Given his experiences, many Indonesians have expressed confidence in Jokowi's ability to handle economic issues.

### **Why should Malaysia care?**

Jokowi is likely to address the issue of Indonesian migrants. The “maid block” or migrant workers, for the most part, strongly back the newly elected president. Jokowi has conveyed a strong desire to protect Indonesia's overseas workers and look into the various issues faced by them, including unscrupulous syndicates that dispatch domestic and other workers overseas. He would like to manage migrant worker issues with Malaysia to lessen the tension and reduce problems that often occur. Smoother relations with Malaysia will also prevent other politicians from stirring up nationalistic sentiments for their own political gain.

Jokowi is also likely to reinforce Indonesian borders, although not necessarily in a contentious manner. Achmad discussed the case of Tanjung Datu, which is claimed by both Malaysia and Indonesia. Unlike the case of the Sipadan and Ligitan islands, Tanjong Datu is at the northwesternmost tip of Borneo, divided into two with border lines at the centre — left is Indonesia, right is Malaysia. As a way forward, Jokowi prefers cooperation rather than a “stealth movement” by either side. As Achmad affirms, Malaysia and

Indonesia are intertwined, linked together, whether we like it or not.

Furthermore, Jokowi wants to tackle the haze problem and is likely to target Malaysian owned palm oil plantations. It should not come as a surprise if the first plantation company to be punished is Malaysian owned. Going after Malaysian owned assets is a fairly safe action for the Indonesian president to take.

Regardless of Jokowi's many good traits, Achmad feels that the new president still has to address and resolve countless issues. Jokowi's weak position in his own party could pose a problem for him. With only a minority government, the new president faces resistance to his reform proposals.

#### At ground level

**Dr Farish A. Noor** agrees with Achmad's views, for the most part, but looks at the issue from a different angle. He began by introducing three Indonesian friends, each a representative of the different strata of Indonesian society. Andi, who is US-educated and works in the financial sector, is from a wealthy ethnic minority and represents Indonesia's elite. Itoh, a fellow colleague and academician working with the Bajau Laut in Sulawesi, is from the typical Indonesian middle class while Yudi, a *beca* (trishaw) driver in Jogjakarta, is part of Indonesia's lower income

group, which is part of the Indonesian masses that makes the bulk of Jokowi's supporters. The question is how would Jokowi, whose personality and campaigns were deeply imbued with the notion of "popularism", fulfil his promises and satisfy the needs of all Indonesians?

Jokowi will inherit a weak budget, with a lot of allocations to subsidies. It would be difficult for Jokowi to limit the subsidies particularly when running on a people-friendly populist campaign. Yet, not everyone will benefit from these subsidies. For example, petrol subsidies will benefit Andi who owns four cars and middle class Itoh, but there is no direct benefit for Yudi who is not likely to own a car in his lifetime.

Indonesia has middle class aspirations. Yet, for many like Yudi, who on a good day earns about 50,000 rupiah (RM10), it is an uphill battle to improve his situation. Yudi is stuck in the lower income trap. Red tape and inefficient bureaucracy does not help. If Yudi wants to start a small business, he will have to obtain 159 permits. Moreover, *beca* drivers and those in the tourism related sectors are vulnerable to outside perceptions of Indonesia, terrorist threats and bombings, pandemics, or any event that would negatively influence the influx of tourists. All these will adversely impact the income of Yudi and others like him. These are the realities that Jokowi has to contend with.



Crowds lined the streets for a glimpse of the new President. Photograph: Associated Press

According to Farish, both Jokowi and his challenger Prabowo had focused on feel-good (strong and resurgent Indonesia) and societal (subsidies, and so on) types of issues. However, Farish argues that, fundamentally, Indonesia's challenges are the institutional structures of its economy. Jokowi and his predecessors had focused on a populist agenda when they should have tackled existing economic challenges and improved economic management even if that included putting in place unpopular measures. Indonesia should not waste its budget on increasing subsidies but allocate more resources in growth sectors. The fishery sector, for example, grows over 7 percent, higher than the gross domestic product (GDP) growth of about 5.8 percent. Nevertheless, less than 1 percent of the budget was allocated to the sector.

***... fundamentally, Indonesia's challenges are the institutional structures of its economy.***

#### **Indonesians and the outside world**

Farish explained that foreigners have to recognise that even as Indonesia strives to move forward, it faces many limitations — strict structural limitations, institutional and legal limitations, political cultural limitations, existing oligopolies, nepotistic networks, and the “perceptions of difficulties” facing Indonesians. Foreigners have to understand these insecurities that ordinary Indonesians feel.

The failure of the state to tackle problems, provide adequate goods and services, and offer protection has led many Indonesian power figures to tap into the heightened nationalist feelings to distract the masses from the realities of domestic difficulties. In that context, foreign investors can often be cast as a scapegoat, to be beaten at times

when the state fails to deliver. Controversy is always manufactured in Southeast Asia, but above all, this strategy only works when there are disaffected masses and Jokowi needs to cater to those Indonesian masses.

As Indonesia faces economic liberalisation in 2015, courtesy of the AEC, things can get complicated if the condition of everyday life of Indonesians does not improve. People outside Indonesia have to understand two things, Farish clarified. First, every Indonesian was taught since primary school that the land, sea and natural resources of Indonesia belong to the people of Indonesia. This is the reason behind the existence of economic nationalist sentiments in Indonesia.

Second, the way some foreign capital has conducted itself in Indonesia can be described as predatory. The injustices that Indonesians feel are compounded with the fact that foreign capital often works with local political elites at the expense of ordinary Indonesians. This is the reason behind Jokowi's stand against foreign investments, namely foreign investments in the retail industry. Foreign investors are understandably alarmed at such actions, but according to Farish, it is a stand that Jokowi has to take to safeguard the interests of the Indonesian masses. These are the dynamics one needs to keep in mind when looking at Malaysia-Indonesia relations under Jokowi. It is not the decision making elites of both countries that matter to Jokowi but the interests of the ordinary citizens that make up his supporters.

Achmad ended by reminding us that voters picked Jokowi because of his clean reputation, honesty and humility. However, being a man of the masses is not an act of divinity. On that note, Achmad advised against having expectations of Jokowi that are too high. Have a managed expectation instead, Achmad said. Jokowi is many things and many of which are good, but a miracle worker he is not!