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Jokowi's Second Cabinet Reshuffle: Implications for Indonesian Politics

By Alexander R Arifianto

Synopsis

Indonesian President Joko Widodo (Jokowi) has just reshuffled his cabinet for the second time in a year, replacing a number of allegedly troubled ministers, but also some reform-minded professionals.

Commentary

PRESIDENT JOKO Widodo has just reshuffled his cabinet again – the second time within a year, dropping ministers who were either troubled or not carrying out his plans, but also replacing some reform-minded professionals.

The reshuffle takes place some 11 months after the first cabinet reshuffle, in which Jokowi, as he is also known, replaced six out of 34 ministers in his Working Cabinet (*Kabinet Kerja*). This time around he replaced 13 ministers, mostly those who had been involved in scandals or public controversies. However, his decision to also drop a number of, reformist ministers may be seen as controversial because of their outspokenness against vested interests.

Reshuffling the Big Names

The most prominent casualty of the reshuffle is Sudirman Said, Minister of Energy and Natural Resources (ESDM), who supervised the lucrative oil and mining industry, which contributes about 10 percent to Indonesia's Gross Domestic Product (GDP). It is suggested that Sudirman was replaced because he exposed an alleged bribery scandal involving former Parliament Speaker Setya Novanto who was accused of trying to extort favours from the director of PT Freeport Indonesia, the country's largest producer of minerals.

Setya's reputation, however, was not damaged, because he was protected by senior figures from the influential Golkar Party and was even elected as the new party chairman in May 2016. Sudirman's sacking from the cabinet seems to reflect the strong influence of vested economic interests in Indonesian politics. Sudirman is replaced by Archandra Tahar, a US-educated oil engineer who is thought to be a protégé of Luhut Panjaitan.

President Jokowi also replaced Ignatius Jonan, the Minister of Transportation. The latter was known to have strong disagreements with State Enterprises Minister Rini Soemarno, a close Jokowi confidant, especially on the outcome of the bidding for the Jakarta-Bandung Railway Project. He also repeatedly clashed with President Jokowi over his infrastructure priorities. Lastly, he created some controversies over his handling of the Air Asia Flight 8501 crash in December 2014.

Jokowi removed as Coordinating Minister for Maritime Affairs, Rizal Ramli, who became infamous for criticising the performance of other ministers, particularly those under the patronage of Vice-President Jusuf Kalla, a senior figure of Golkar. Jokowi moved his most trusted confidant, Luhut Panjaitan, from his position of Coordinating Minister for Political, Legal and Security Affairs (*Menko Polhukam*) to become Coordinating Minister for Maritime Affairs. Luhut was replaced as Menko Polhukam by Wiranto, another retired general who is the chairman of the Hanura Party, a member of Jokowi's political coalition.

While some observers view this as a political setback for Luhut, he is actually consolidating his power and influence within the cabinet, as he is now overseeing a super ministry that supervises Jokowi's infrastructure development agenda: ESDM, Transportation, and Maritime and Fisheries Affairs. These are also the ministries that are responsible to implement Jokowi's Global Maritime Fulcrum (GMF) initiative, which now fall directly under the leadership of Jokowi's chief aide.

The Return of Sri Mulyani

Another key change was in the economic sector, where Finance Minister Bambang Brodjonegoro is replaced by Sri Mulyani Indrawati, who occupied this portfolio from 2005 to 2010, before she joined the World Bank as its managing director. While Bambang was the only minister with a background as an economist in Jokowi's cabinet, he was blamed for the state budget shortfall, in which the government failed to collect 253 trillion Rupiahs (S\$26.2 billion) of tax revenues targeted during the 2015/16 fiscal year. He becomes the new Minister for National Development Planning, a smaller and much less influential ministry compared to his previous appointment.

Trade Minister Thomas Lembong is demoted from the position he occupied for less than a year to become the new head of the Indonesian Investment Coordinating Board (BKPM). He is replaced by Enggartiasto Lukita from the National Democratic (Nasdem) Party. Lembong's removal from this ministry and his replacement by a party politician means that the ministry can go back to becoming a protectionist, patronage-driven centre once again, something Lembong tried to reform during his short tenure as minister.

Two parties which formerly had supported Jokowi's opponent Prabowo Subianto during the 2014 presidential election are now joining his coalition and are rewarded with cabinet positions. Both Golkar and National Mandate Party (PAN) gained one cabinet position each, respectively the patronage-rich Ministry of Industry (Golkar) and the Civil Service and Bureaucratic Reform Ministry (PAN).

In addition, Muhammadiyah, the second largest Islamic organisation in Indonesia, also gains representation in the cabinet, with the appointment of Muhajir Effendy as the new National Education Minister, replacing the innovative, reformist Anies Baswedan in this portfolio.

Why Jokowi Reshuffled Again

There are several takeaways from this latest Indonesian cabinet reshuffle. Firstly, Jokowi continued to consolidate his own base within the Indonesian political establishment, while remaining accommodative toward the wishes of other senior political elites such as Megawati Soekarnoputri, Jusuf Kalla, and other senior party figures within his coalition.

While Jokowi replaced most of the troubled ministers in his cabinet, he had carefully balanced the interest of the different parties in his political coalition so that none of them lost their positions in the cabinet.

Secondly, professional technocratic ministers with no allegiances to any political parties were the big losers in this reshuffle. The removal of Ignatius Jonan and Anies Baswedan from the cabinet and the demotion of Bambang Brodjonegoro and Thomas Lembong signalled that short-term political considerations mattered more in policymaking than policy reforms.

Ministers who tried to push for serious reforms within their ministries and unshackle them from the influence of vested economic interests were seen as 'trouble-makers' to be targeted for reshuffle. While some of them were replaced by other professionals with impeccable records, such as Sri Mulyani, the replacement of the technocrats could be read negatively by investors and affect Indonesia's economic growth and investment outlook.

Lastly, by including new political allies from Golkar and PAN in his reshuffled cabinet and by keeping the balance of power among the remaining parties within his coalition, Jokowi wants to put himself in a stronger political position to anticipate his re-election campaign in 2019. How successful this strategy will be remains to be seen.

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