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The 2019 Presidential Election as a Referendum on the Economy: An Interview with Sandiaga Uno

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EXECUTIVE SUMMARY

- Sandiaga Uno, Indonesia’s vice-presidential candidate paired with Prabowo Subianto, has framed the coming presidential election as a referendum on the Indonesian economy, and considers the main priorities to be:
  1. job creation;
  2. keeping prices stable;
  3. maintaining strong and firm leadership in order to create a clean government; and
  4. developing infrastructure through public-private partnerships.

- He argues that 6-7 per cent growth will be sufficient if it is quality growth targeted at niche areas such as the agricultural and energy sectors. He also elaborates on the Big Push Strategy, which aims for self-sufficiency in food, energy, and water resources.

- Sandiaga views the current global trade tensions as an opportunity to invite relevant industries to be based in Indonesia, but only if these foreign investments fulfil the principle of “fair trade” and benefit Indonesians as well.

- To attract millennials to the polls, Sandiaga notes the importance of engaging through social media, using a unifying language, and capitalising on their interest in environmental issues.

* Special Edition of Perspective based on an interview with Vice-Presidential Candidate, Sandiaga Salahuddin Uno, by Hui Yew-Foong and Siwage Dharma Negara, Senior Fellows at the ISEAS – Yusof Ishak Institute. The authors were with Mr Sandiaga for two days on his campaign trail in East Java’s Magetan and Madiun Districts. The authors would also like to thank Aninda Dewayanti for her excellent research assistance.
INTRODUCTION

Sandiaga Salahuddin Uno (hereafter Sandiaga), former Deputy Governor of Jakarta and now vice-presidential candidate alongside Prabowo Subianto (hereafter Prabowo), belongs to a new generation of successful Indonesians that emerged after the Reformasi movement of 1998. Born in Riau in 1969, Sandiaga moved to Jakarta as a teenager for his high school education. Thereafter, he obtained both his Bachelor’s and Master’s degrees in the US on Chevron Scholarships, and embarked on a successful career in investment management that spanned Indonesia, Singapore, Hong Kong and North America. When the Asian Financial Crisis hit the financial world in 1997, Sandiaga lost his job and returned to Jakarta, where he co-founded PT. Recapital Advisors in 1997 and PT. Saratoga Investama Sedaya in 1998. Both went on to become hugely successful investment firms that put Sandiaga among the 40 richest men in Indonesia in 2011. In 2015, he entered politics by joining the Gerindra Party, and in 2017, contested and won the Jakarta gubernatorial elections together with Anies Baswedan and became Deputy Governor of Jakarta.

Sandiaga is the youngest person to be nominated presidential or vice-presidential candidate since the implementation of direct presidential election in 2004. At the same time, only into his fourth year as a politician, Sandiaga has had the shortest career in the political arena compared to the other candidates. The following interview, conducted with Sandiaga on the campaign trail in East Java, delves into the political and economic thinking of this high-profile politician.

POLITICAL MOTIVATION AND VISION

As a successful businessman, Sandiaga is recognised as someone who can speak authoritatively on the economy. Indeed, Sandiaga has framed the presidential election as a referendum on the Indonesian economy. Without prompting, Sandiaga starts the interview with the following statements.

Sandiaga: This is an economic referendum for the country. If people could get good jobs, stable prices, and the cost of living is affordable, there is no way we can beat the incumbent. (But) if people feel that there are inequalities, jobs are very hard to get, prices are not stable, and the cost of living is giving them a hard time, then there is a chance for an Opposition like Prabowo-Sandi. It is as simple as that. The rest of the issues, I guess, are secondary and on the periphery of the campaign.

Hui Yew-Foong (HYF): Could you elaborate on your motivation for joining politics? You have a very successful business, and you could just live a quiet, wonderful life with your family.

Sandiaga: I could. When Prabowo asked me, he said: “Indonesia has given you so much. You are probably one of the most successful young entrepreneurs who are not from an entrepreneurial family. (Yes, I am the first generation). You have made it to the Forbes list. You have amassed almost a billion dollars of net worth. It is time for you to contribute back to your country.” I said: “No, I can contribute by paying taxes, creating jobs, or giving advice to you.” He knows that I am a big impact guy. But he said: “No, people need you to be in politics, to inspire young Indonesians. Your impact would then be much bigger. Currently, you’re impacting only 30,000 people who work for you, and their families. But...
if you are joining to be part of the government, you can shape policies going forward, you’ll be able to touch millions of Indonesians. Since your passion is entrepreneurs and Small and Medium Enterprises (SMEs), you could create policies that support SMEs and foster entrepreneurship.” …At that time, I was going to prepare myself slowly. However, I did not know that I would be thrown into a chaotic (Jakarta gubernatorial) race in 2017, though in the end it was actually quite a harmonious election. That was my first experience, partnering with Anies Baswedan. (After that) I was minding my own job (as Deputy Governor of Jakarta), with Prabowo asking me every now and then for advice. Then suddenly he picked me as his running mate with the consent of the other parties because at that time I was the only one that they could agree on. The Islamic factions in the coalition tried to intimidate him, and lobbied him. Prabowo said: “No, this is not about picking Muslim clerics. We need to focus on transitions to the next generation of leaders. We need to give signals that Indonesia is ready and our focus will be the economy.”

HYF: If you win the 2019 election, what are the three most pressing issues you will want to address? What policies will you implement to address these issues?

Sandiaga: The first priority is to push for job creation. 97 per cent of the jobs created are from SMEs. So, we will help the SMEs by giving them the right training and mentoring. We will give incentives so that they can get the right permits fast. Just like when you create a company in Singapore, you can finish it in one day and the bureaucracy is very simple. That is why Singapore is number one on the ease of doing business. Also, there are the issues of access to capital and access to markets. We will tackle these issues to create jobs on the lower end. On the top end, we need to reverse the trend of de-industrialisation. A lot of industries are leaving Indonesia because they think it is too cumbersome and very difficult. The tax regime is not healthy, the labour force is not efficient, and so on and so forth. We need to lure back investments to create jobs. Not a single country can move from middle-income to developed economy without going through the manufacturing industry phase. So we need to give incentives for industries that create jobs, especially those that are export-oriented and substitute imports.

Second, we need to keep prices stable. I was ridiculed when I said that chicken rice in Indonesia was more expensive than chicken rice in Singapore. However, if you go to hawker centres in Singapore, you can still buy a plate of chicken rice for S$3. In Jakarta, it is very difficult to get the same quality food at the same price because the price of chicken is expensive. Yet Singapore does not have land and paddy fields. All of your products are imported. So, our second priority would be keeping prices, in particular, food prices, stable and low. How are we going to do that? We are going to support the agricultural sector and make sure that we have enough supplies as well as simple, transparent, and equitable distribution chains. I have done that during my stint in Jakarta and we can replicate the same model for the whole country.

Third, we need strong and firm leadership in order to create a clean government. We are very concerned about corruption in Indonesia. We have to give Jokowi (Joko Widodo) credit, as he is a clean leader. But this has not trickled down to other parts of the government apparatus. We want to ensure that people who continue to engage in corrupt practices are duly punished. Hong Kong has a very good model now because in the past they had grappled with this issue.
On infrastructure, we will continue Jokowi’s infrastructure initiative. What will be different is that we will involve more private sector participation. Currently, infrastructure projects are dominated by State-Owned Enterprises (SOEs). I think we should not use the government’s budget to build toll roads, which are commercial in nature. The private sector can be brought in to do that. Instead, the government budget should be used for critical infrastructure that are not feasible for private investment. We are not against infrastructure development, but we are concerned with how to fund and construct infrastructure.

**HYF:** When I come to Indonesia, it looks to me like a country that has abundant natural resources, land and talents. It is difficult for this country to fail, although sometimes the resources may not trickle down. So now that you have a chance to make a difference, what is your dream for Indonesia?

Sandiaga: I think you summed it up very well. This country is very rich. Indonesians are blessed with natural resources, and the people are willing to work. They are fighters, they smile a lot, they are nice, and they are optimistic about their future. But I guess the big homework for us is to ensure that we build human capital so that we are able to participate in the next iteration of the development of this country. We are now at about US$4,000 in per capita GDP. We want to grow it to US$12,000, which is three times the current level.

We have the Big Push Strategy. In terms of how we can fulfil the potential of this country, we want to be self-sufficient in food, energy, and water. Building infrastructure is fine, but you also need to build the people. By providing people with jobs and affordable cost of living, you have a very strong base for a growing economy.

**DEBATING THE ECONOMY**

**Siwage Dharma Negara (SDN):** Can you share your strategy for achieving higher economic growth and better equality for the Indonesian people?

Sandiaga: I think we need to focus more on the quality of growth, not just the figures per se. A lot of economists mention that you need to grow 6 or 7 per cent to develop... I think that in the digital economy and with so many unpredictable changes in the economic landscape, you cannot fix a figure or be attached to a model. I have worked with models all my life. I worked mostly with financial models. They are useful, but I have never seen a model that fully predicted what was going to happen. There were always variations. I think we need to focus on making sure that the growth this country has projected will be quality growth that ensures job creation, affordable cost of living, stable food prices, industries are being built, and investments are coming back.

Our trade deficit is worsening and our investments are going down. We need to reverse this trend. I do not want to promise economic growth of 7 to 10 per cent. I think we are capable of growing between 5 to 6 per cent if we are disciplined. We can achieve that growth if we have the right focus on the agricultural and energy sectors. We cannot be too ambitious and want to do everything. For energy, focus on renewables, which is a low hanging fruit for Indonesia. For hydrocarbons, bring in the latest technology and best practices from big multinational (companies) to work with Pertamina. We do not have the capital necessary, and we cannot be all over the place. We should just pick three or four key areas where we want to be strong, and we believe the growth of 5 to 6 per cent will enable us to develop,
especially with our focus on empowering SMEs and fostering entrepreneurship. It will lower the inequalities and improve the Gini Coefficient.

HYF: What would you propose in terms of managing energy subsidies?

Sandiaga: This is such an important issue to the people at the bottom of the pyramid, especially the prices of fuel and electricity. We cannot move away from the subsidy regime with respect to those at the bottom of the pyramid. But, we believe that with firm leadership and strong government, we can make sure that there is no mis-appropriation of subsidies. There were a lot of subsidies that went to the wrong people because they were not people-based, but product-based. So, there are two things that we want to do. First, we want to have a single identification number for everyone. I still remember my social security number when I was in the States: XXXXXXXXX. There was a single identification number for everybody, including non-citizens living in the US. So, you can create a policy targeted at the people. Jakarta has done it. In Jakarta, we have to thank previous governors – Pak Fauzi Bowo, Pak Sutiyoso, Pak Jokowi, and Pak Ahok – for being very diligent in making sure that people have an identification number so we can direct subsidies to the families that need them. This needs to be applied to the rest of the country. I think the next step is, not to subsidise the products but to subsidise the people who need the products.

SDN: You mentioned the Big Push Strategy, where you aim for self-sufficiency in food, energy, and water resources. How do you plan to revitalize the declining agricultural sector in Indonesia?

Sandiaga: This is very complex. First, we need to attract young people to farming. The average age of farmers is 45 to 50 years old. No young rural kid wants to be in farming. We need to reverse that trend with technology and attract these “rural millennials” to engage. The only way to get them excited about farming is to frame it as a form of entrepreneurship because they are part of a growing and unique generation that values freedom and flexibility. If you make farming an exciting sector, the millennials will come back; then you provide them with training and the latest technology. Our productivity, if you compare to Vietnam and Thailand, is very, very low, so we need to increase productivity by bringing in the right technology and the right way to farm. For example, we have to get ourselves exposed to the use of drones and organic fertilisers to increase productivity. Second, we need to change the government policy of importing agricultural products, such as rice, corn and sugar, which is hurting the farmers.

Two things will be fixed when we revitalise the agricultural sector. First, we create jobs. When the six million hectares of unproductive land is turned into productive land, it will create jobs and produce the necessary food. Second, it will also keep the prices of food stable and we can rely less on imports. We may actually be able to export because, as you can see, we have lots of land in Indonesia... Beyond Java, if you go to Kalimantan or Sumatra, with sustainable farming and care for the environment, there is great potential.

SDN: The government argues that import is needed to stabilize prices. What is your view on this?

Sandiaga: The problem is that we don’t have reliable data. Our Agriculture Minister and President Director of Bulog (National Logistics Agency) insists in public that we have
enough supply and sufficient inventory. On the other hand, other ministers say that we need to keep importing to ensure sufficient supply. So, who should our farmers believe? Our farmers complain that because of the imports, the prices of their produce remain low. They are suffering because their harvests are not getting the right price, due to the imports.

To resolve the issue, we first need data that is valid and verified, and that everybody has to agree with. Then, no ministry or agency can criticize each other in public. This is why we need a strong government.

Second, once you have figured out your production level and type of inventory, you can create the policies. We will focus on affordability and sufficient supply. In terms of supply, we will ensure that we have simple, transparent and equitable distribution chains. We have done this in Jakarta, where we don’t buy imported rice, but we buy rice from South Sulawesi and certain pockets of production in Java.

*SDN: Recently, there has been concern over Indonesia’s level of debt. How will you manage Indonesia’s debt?*

Sandiaga: I used to handle debt when I worked in the private sector. We will have a much bigger impact if we manage our debt better. Let us not argue about the debt level, but let us argue about what the debts are used for. If debts are used for productive purposes that create jobs, promote the efficiency of our economy, improve education, and create better social programmes and health care programmes, I am all for it. But if those debts are being used for inefficient ceremonial spending and infrastructure that could actually be built by the private sector, I have an issue with that.

On the level of debt, they say it is now 30 per cent, and they want to increase it to 40 per cent because other countries are at 60 per cent. However, we should not compare ourselves with Japan or the US. We are different economies. External shocks (can have great ramifications for us). Last year, when the Rupiah fell to almost 16,000 to the US dollar, that was a scary moment. So, I would prefer to be more disciplined in managing our economy. I would be very careful with raising the debt level. I think Sri Mulyani agrees with this. I would bring in more public-private partnership and more innovative funding for government projects going forward. In terms of long-term funding, let’s bring in multilateral sources, such as the World Bank, International Finance Corporation and the Asian Infrastructure Investment Bank.

A lot of people say that Prabowo-Sandi are anti-asing (anti-foreign). Come on, Prabowo was educated in western institutions, and I think both of us think in English (in many contexts). We are definitely going to be friendly to business. We will open up, but on an equitable basis. It is fine for people to invest in Indonesia, but the benefit has to be both ways. It has to open up opportunities for Indonesians to get jobs, get the best quality education, and good healthcare system. I think we have the market, the right economic structure, and a stable political situation.

Our population of 265 million... are relatively happy. Of course, we need to be worried about radicalism and issues that could divide this country. But if we have the best interests of the people at heart, I think we can have a very good election. As I say over and over
again, whoever wins will have to bring about economic change. We have to change how we manage our economy.

INDONESIA AMIDST GLOBAL AND REGIONAL DYNAMICS

HYF: Part of the challenge to Indonesia is the external environment, and recently, this includes US-China trade tensions. How should Indonesia respond for the benefit of its economy?

Sandiaga: Indonesia is unique in that we are friends with everybody. We are also part of ASEAN, which Indonesia anchors. Actually, we have been punching way below our weight in the global arena. There are things we cannot control, like the trade war, Trump’s policies and China, but we can navigate better because we have great potential and natural resources. The market here is 265 million people. A lot of companies and big multinationals want to be in Indonesia. The potential of e-commerce is huge. We have many “unicorns”. So I think we should focus on things that we can control. The trade war gives us the opportunity to invite relevant industries (e.g. rubber, crude palm oil and cocoa processing) to be based in Indonesia, because the market is here.

We need to play the role of being good emissaries for fair trade, and not free trade. Once we establish that, it is also time for us to create the right strategy for re-orientating our industries. It will be good if we can do that in the next five years because we still have the bonus of demography, which is going to disappear in 12 years. This is our opportune time. If we are always busy with politics and do not take care of all these key parameters, sooner or later, we will lose our demographic dividend.

HYF: You were talking about fair trade, not just free trade. Is that also your response to China’s rise, in terms of its expansion into the region, especially through the Belt and Road Initiative (BRI)?

Sandiaga: The BRI...We completely understand that China is going to be the number one economy in the world, and that we need investments from China. On the international front, we are definitely very friendly, and we want to attract investments. However, I also think that we need to review these investments one by one, and not generalise that all investments from China are unfair. But some of them need to be fixed. For instance, people complain that in areas where Chinese companies make huge investments, jobs are being provided more for people who come from China, even in low-skilled positions. I have seen it myself. I was involved in the construction of a power plant in North Sulawesi, where the low-skilled engineers and the chefs came from China. Maybe they could cook better, but Indonesians are also good cooks. We can be trained to make dim sum. (This also happened with some of) the landmark projects, like the Jakarta-Bandung High Speed Rail. Let us sit down and discuss how it can benefit the people in Jakarta and Bandung. It can also benefit the investors from China, but how do we pay for it? If we keep on taking high-interest loans, they will burden the next generation of Indonesians.
MILLENNIALS

HYF: In this election, it is important to reach out to the millions of millennials. You have been thought of as someone who can attract them and their votes, and to get them away from being Golput. What is your strategy for facing these challenges?

Sandiaga: We need to engage with authentic and relevant content because anything that can go viral grabs their attention. The millennials have such short attention spans. We need to deliver our message very quickly. These 63 million millennials are amazing, both the junior and senior millennials. 50 per cent of them are actually apolitical – they do not like politics. We need to convince them that they need to participate in this process, cast their votes, and not be Golput, because if they do that, they are giving away votes that can determine the best future for Indonesia. They need to let their voices be heard through this process.

A lot of my events are events for millennials. If you look at my speeches, they are very short, involve a lot of interaction, and include some entertainment. Sometimes we sing along, like a karaoke session. A lot of them are on social media, so we need to have creative content in social media to engage them. But they are also interested in jobs, entrepreneurship and environmental issues. They also like food and fashion, and engage in technology and digital content. When it comes to politics, (they do not like it). That is why I reduce my political content. They do not like divisive language; they prefer a unifying language. We are having a hard time to train and to convince (politicians) in our coalition. They need to speak like statesmen, not politicians.

SDN: Speaking of environmental issues, what sort of environment-related programme will you offer to attract the interest of the millennials?

Sandiaga: They like our focus on new and renewable energy, as well as our focus on the potential of using solar panels for electricity. They like our plan for conservation and reforestation of 10 million hectares of damaged forests. They also like our position on ensuring the sustainable practice of Triple P: people, planet and profit. They like our focus on waste management and waste energy ideas.

My daughter, for instance, asks me about plastics and what I do with plastics. That is why I now carry my tumbler.

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1 The biographical information here was provided by Sandiaga Uno during the interview, and supplemented by his curriculum vitae, available at https://kpu.go.id/koleksigambar/BB.2_PPWP_4.pdf, accessed 26 February 2019.
3 Born on 28 June 1969, Sandiaga was 49 when he was nominated Prabowo’s vice-presidential candidate in August 2018.
4 Joko Widodo is the incumbent president.

Ahok is the popular nickname for former Jakarta governor Basuki Tjahaja Purnama.

Sri Mulyani is Indonesia’s Minister of Finance.

“Unicorn” denotes a startup company with asset valuation of US$1 billion.

A demographic bonus (dividend) signifies that the number of working age population is higher than the number of dependents, that is, the elderly and children.

Golput refers to casting blank votes or not voting. Oftentimes, this can be interpreted as a form of political action expressing dissatisfaction with the slate of electoral candidates.