

CHAPTER I

A. Background

Currently, the relationship between actors in the international world becomes more complex. With the interaction as well cooperation among countries in the world show that every country tends to depend on each other. Basically every international actor both country and non-state actor has an interest in every action taken including the cooperation agreement with other countries, both bilaterally and multilaterally. The cooperation that is done as an implementation of an effort to fulfill their interests in various fields such as economics, security, as well as socio-culture.

Indonesia adheres to the principle of a free and active foreign policy as stipulated in the Constitution Number 37 of 1999 concerning Indonesia Foreign Relations, has provided an opportunity for Indonesia to establish cooperation with various countries in the world, include China. (DPR RI, 2002). Indonesia and China have a dynamic diplomatic relation. This can be proven by the breakdown of diplomatic relations between Indonesia and China in 1967 because of the Communist issue in indonesia. Then the agreement to normalize relations between Indonesia and China was carried out in 1990, driven by economic factors and the economic crisis in Indonesia. Since than, diplomatic relations between the two continue experience improvement as it is in the era of President Habibie, Abdurrahman Wahid, Megawati, Susilo Bambang Yudhoyono, to Joko Widodo through economic and some other sector.

The rise of the Chinese economy began in the Deng Xiaoping's administration, he reformed the economic system from socialist to capitalist in 1979 (Guthrie, 2006). China's economic conditions have improved significantly as a result of foreign investment and successfully changed its status from

an almost poor country to the second largest economy in the world after the United States (The World Bank, 2015).

Deng Xiaoping continued to promote the Chinese economy, he set several mottos such as that China's foreign policy has been peaceful and it is important to be campaigned continuously. Deng's style became a staple among Chinese presidents. Starting from Jiang Zemin to Hu Jintao, and now to Xi Jinping, China maintains the status quo power, with complete peaceful intentions. In line with tradition, China's foreign policy and grand strategy, President Xi developed more security concepts, emphasized a foreign policy strategy that underline China's peaceful intentions, President Xi claimed that China's approaches are "general, comprehensive, cooperative, and sustainable". Call on the whole world to align their various security interests on one common ground project; avoid monopolizing security matters; work towards security without being exclusive alliance; and dealing with both a traditional and non-traditional threats" (Holslag, 2014).

Lately, the issue of China's rise became increasingly important to study after Xi Jinping as rulling president proposed a mega project, in the form of a Belt and Road Initiative in his speech at the World Economic Forum in Davos, 2017. China shows its influence in the world to become the holder of a new world hegemonic by reducing the US dominance as the current holder of world hegemony, so that the US is no longer a superpower country and the status is moving to China as a whole.

However, Belt and Road Initiative is a tool believed by many parties that will help China achieve its ambitions, which shall directly increase its influence in the Asia-Pacific and other countries in the world (Brands, 2008), including Indonesia. China's one-sided claim over South China Sea is the example of the long effect of China's increasing power among Asia-Pasific region. The attitude taken by China has raise the concern of some Indonesian, so that they oppose the

decision of government to establish cooperation with China, particularly joining China's mega project.

Meanwhile, seeing the opportunities opened up by China in spreading investment aid, Indonesia is trying to take advantage of these conditions to help national infrastructure development. This was conveyed in the Jokowi's administration, represented by Indonesian Foreign Minister, Retno Marsudi, Indonesia saw opportunities to develop trade, investment and other forms of community relations development, in addition she also mentioned that the Belt and Road Initiative had similarities with ASEAN Connectivity 2025 which aims to build infrastructure between ASEAN countries (Putra, 2017). BRI is believed to be China's strategy to increase political influence in Asia, Africa and Europe, leaving many dilemmas that are much debated. The dilemma arises as a result of constraints that are believed to emerge and must be resolved immediately to maintain political stability and also security.

Therefore, this thesis will discuss about the dilemma felt by the Indonesian government to join China's mega-project, the Belt and Road Initiative. This research is important because Indonesia is one example of another developing country that may have the same dilemma, although perhaps with slightly different circumstances.

B. Research Question

Based on the explanation of the background above, the research question is raised as : **“ Why is it Dilemmatic for Jokowi's Administration to join China's Mega Project, Belt and Road Initiative”**

C. Theoretical Framework

The author uses the rational actor model to explain why Jokowi's administration believed this policy as the best choice for Indonesia to gain its national interest as maximum as possible. Furthermore, the asymmetric dependence concept

is to dig in to the reason behind the pros and cons that occur among society.

1. Rational Actor Model

The goals between individuals can be differ, and also can be different in time based on their own values. These values are fundamental, built in the individual, become a strong motivation in pursuing his goals and provide a strong influence in his daily actions (Kasper & Streit, 1998). The fundamental values that are considered as characteristics of good society are summarized by Kasper and Streit (1998) as follows: First, individuals want freedom from fear and compulsion, which are reflected in civil and economic freedoms. Second, justice, which positions humans in the same position, so that they should be treated equally. Third, security in which people hope to always feel comfortable in their lives and are free to choose for their future, without the experience of violence. Fourth, peace, which means that there are no disputes and violence caused by strong agents, both within the community (internal peace) and outside the community (external peace). Fifth, economic welfare related to aspirations for material improvement of present and future life. Sixth, a natural life, created from honesty and values that most people aspire to.

These values are generally a form of fundamental rationality of every human action, which is assumed to try to achieve. Human aim to attain pleasure, happiness, and comfort, both in the present and in the future. Rational choice theory is broadly analyzed in human behavior theory, according to Gilboa (2010) rational choice is a dichotomy between feasibility and desirability (Gilboa, 2010). When a person considers himself worthy and has the ability to achieve something and also has the desire to have it, then that action is rational.

In the decision-making process, both at the micro level and macro, each actor has rational considerations. In order

to achieve maximum profit. These considerations are based on a variety of knowledge, information, and data that provide cognitive contributions to actors (Scott, 2000). In this case, the actor is a figure who is influential and trusted to be a representative in the decision making process, both on behalf of individuals and representatives of the organization include state.

Actors in International Relations are very varied, not only the state-level actor, but also the non-state actor or the people themselves. However, in this case, when we discuss the Indonesia-China relationship, it is very clear that the actors referred to state actors. The decision of a legal actors toward certain issue then becomes a legal domestik or foreign policy of a country.

According to Graham T. Alisson, to analyze a foreign policy process, among others, a rational policy model can be used. The policy process itself is theoretically very much influenced by the presence of international domestic and external political factors. Allison made a revolutionary study of foreign policy because it was considered to challenge the assumptions of rationalism in foreign policy which followed economic principles and was also more or less embraced by realism in explaining a country's foreign policy. (Allison, 1971)

In the assumption of rationalism, the actions of a country are analyzed with the assumption that the state considers all options and acts rationally to maximize profits. Foreign policy is seen as a result of the actions of rational actors.

In the perspective of "Decision Making Process", Graham T Allison in his book *Essence of Decision: Explaining The Cuban Missile Crisis*, proposes three paradigms that can be used to analyze the foreign policies of countries in the world, namely the Rational Actor Model, the Organizational Process Model, and the Bureaucratic Political Model, which will be briefly described below:

1. **Rational Actor Model** This model emphasizes that a decision-making process will go through the stages of determining goals, alternatives / options, consequences, and decision choices. This model states that the decision has been made on rational / intellectual considerations and cost-benefit calculations so that it is believed to produce a mature, correct, and prudent decisions.
2. **The Organizational Process Model** emphasizes that a decision-making process is a mechanistic process that passes through stages, procedures, and organizational mechanisms with standard operating procedures that have been in effect so far. The decisions made are seen as organizational outputs that have considered the goals, objectives, and priority scale of the organization.
3. **The Bureaucratic Political Model** emphasizes that a decision-making process is formulated by various actors, groups and interested parties through a process of attraction, bargaining, mutual influence and compromise between related stakeholders. The decisions made are a political resultant process that goes through a long and complex deliberation.

The rational actor model makes choices about foreign policy as an ideal product. Given the objective of rational decision making is foreign policy and determining the most priority among other options. Then, identify and analyze the various available options. Rational actors in decision makers must be able to estimate the results and calculate the value or benefits expected from each result. With this assumption, the decision maker calculates the expected value of each alternative, compares all alternatives, and selects the ones that maximize benefits and minimize costs. Rational actors also then compare the consequences that have been made, which of course will ultimately determine the best alternative. In this case it does not only involve the

advantages and disadvantages, but also predicts the likelihood of the various outcomes it will get. Here, the maximum outcome will also stand for the national interest.

Based on the model of Rational Actor above, Countries' actions are analyzed on the assumption that they will choose policy alternatives that have the highest (beneficial) consequences in meeting the goals to be achieved (goals and objectives). So that, the decision of Indonesia is determined by its national interests that are consider extremely significant in taking part of Indonesia's development.

It is widely understood because the vision of the Jokowi's administration is to make Indonesia become the Global Maritime Fulcrume (Presiden, 2019) and build infrastructure as broadly and fairly as possible (Bramasta, 2019). Jokowi's administration considers that Belt and Road Initiative will be useful for Indonesia. It can be proven by the vision and mission of the rulling president which seem very compatible with the Belt and Road Initiative. In political sector, in accordance with the President's vision to realize the Global Maritime Fulcrum (GMF), means, since taking office as president in 2014, Jokowi has believed that BRI can help realize its vision to elevate Indonesia's position as Global Maritime Fulcrum (GMF). Global Maritime Fulcrum refers to a maritime nation or a force that is strategically covers the Indian and Pacific oceans. Hence, the idea can make Indonesia become Indo-Pacific power.

The trade route that was initiated by China, has a profitable potential to open up trade, markets, logistics, assistance of infrastructure, and investment for the country who joined the Belt and Road Initiative in multilateral collaboration. In revitalizing Chinese trade routes via BRI, 21st Century Maritime Route considered strategic enough for countries which have wide waters and sea areas traversed by BRI maritime route. Especially for Indonesia, with an area that is dominated by the sea and bypassed by

the BRI route, China's policy certainly has an important role in Indonesia's economic development, particularly in the field of international trade.

Jokowi did not consider The 21st Century Maritime Silk Road as a competitor to Indonesia's ambitions to become a maritime power. In his view, these are not only free, but they also reinforce each other. Furthermore, Indonesia has many benefits in the economic sector such as: investment assistance to build infrastructure, especially when investment is mostly made outside of the Jawa island, business-to-business cooperation schemes which means BRI projects will not be financed by state budget (APBN) so it would not increase the external debt of Indonesia, and also opening job vacancies.

2. Dependency Theory

Dependency is defined as a relationship between two or more countries that contains a form of dependence if some (dominant) countries can develop and have autonomy in their development while other (dependent) countries do the same, which is merely a reflection of the development of the dominant country. Frank in Suwarsono and So (2000) even defines dependency as a condition experienced by satellites when dealing with metropole (Suwarsono & So, 2000). The pattern of relations between the two countries is asymmetrical. One country has more power (metropole) than another (satellite). Dependency that is manifested can be shown through dependence on capital, technology, and experts of developing country to developed country.

At the beginning of its development, dependency theory focused on the attention on the underdevelopment experienced by poor countries due to contact with developed countries. Frank (1984) made a division through what he called the developed metropolis countries and underdeveloped satellite countries (Frank & Gunder, 1984).

The economic relationship between the developed metropolis and the backward satellite countries is a major aspect of the development of the capitalist system on an international scale. Frank cannot accept the idea that the economic development of poor countries will occur as a result of such economic relations which will cause the diffusion of capital, technology, institutional values, and other dynamic factors to poor countries. Metropolis in poor countries, both at the national and local levels, are controlled by parties who are essentially responsible for maintaining monopolistic and exploitative structures rooted in the nature of the relationship between world metropolises and poor countries.

Referring to the explanation above, it is clear that the nature of exploitation creates some conditions of underdevelopment in developing countries as a result of contact with developed countries. This contact produce to a pattern of relations between the two countries that was which then created dependence. At first, the relationship between developed and developing countries was the relationship between colonialism and imperialism. The study of dependency theory which focuses more on the historical analysis of Third World countries shows that history has helped to carve and give contribution to the current conditions of Third World countries. Thus, it is concluded that there are three main causes of dependence, (1) International Division of Labor: is the division of labor into specific focus areas in a global world order. A core country that has advantages in the fields of technology and capital and dominates industry and research. Peripheral countries with ample resources and cheap labor tend to focus on agriculture. This situation makes the periphery countries provide and serve the economic interests of the core countries. (2) Class distinction which is the division of class in society into rich groups and poor groups. The groups that have economic and political power in each country

cooperate with each other to guarantee and maintain their power and influence and to increase their own wealth. The class division is economically divided into two class groups, namely owners of capital and laborers. (3) Global capitalism system, in this system, the liberal economy dominates because it is supported by trade and finance theories. Multinational Corporation (MNC), World Bank, and International Monetary Fund (IMF) also support and facilitate the interests of core countries and the rich in the world.

Meanwhile, the new dependency concept that was born based on the criticism of classical dependency was conveyed by Cardoso that the new dependency is more interested in seeing the socio-political aspects of dependency, especially the analysis of class struggle and group conflict, and political movements.

Keohane and Nye clearly distinguished between symmetric and asymmetric economic interdependencies (Keohane & Nye, 1977, p. 20). Symmetric interdependence refers to the conditions in which each country has an equal degree of economic dependence with one another. Meanwhile, asymmetric interdependence refers to a condition in which one or several countries are very dependent on one country, but not the other way around. Under these two scenarios, symmetric interdependence will create a shared desire to maintain economic cooperation. Meanwhile, asymmetric interdependence will trigger manipulate behavior and exploit various weaknesses in this cooperation.

Based on this concept, the close relationship between China-Indonesia seems to be asymmetrical. If we look at the bargaining position from China-Indonesia, it can be seen that the position is not balanced, the negotiating ability of a country is influenced by the power of a country itself. Meanwhile, it can be seen that China has a superior power

compared to Indonesia. If we look at the ACFTA (ASEAN China Free Trade Area) cooperation agreement. In the 1990-2009 period, the growth of Indonesia's exports to China (7.9% per year) was much lower than that of Indonesia's imports from China (17.1% per year) (Echwan, 2009). This shows that the ability to penetrate Chinese products into the Indonesian market is relatively higher than the penetration ability of Indonesian products to the Chinese market. In addition, the value of Chinese investment in Indonesia is also very far from Indonesia's investment in China. Especially after the legalization of omnibus law, according to Sukamta, the Omnibus Law could backfire for the Indonesian economy. According to him, the controversial articles in the law that are highlighted by the public will open up opportunities for massive exploitation from foreign companies to Indonesia. He believes that for a moment Indonesia would enjoy foreign exchange, high economic growth and wide employment opportunities. But in the long term, all mining is controlled and exploited by foreigners, various large industries will become foreign property. The Indonesian people only get to become laborers and coolies in their own country, Indonesia. At present, the possibility could be worse with the omnibus law on Cipta Kerja, because our workers have the opportunity to be more exploited (Dinata, 2020).

Therefore, the concern of society is based on the fact that Indonesia seems to depend more to China than China to Indonesia, and in the long term China will dominate the Indonesian market. The relationship between Indonesia and China seems like mutually beneficial by helping each other to achieve their goals. However, the cooperation between countries are rarely realized can pose a threat because of the interests of other country (Arduino, 2016). The warning that there is a price to be paid from this policy in the future is something that should be considered and taken into account.

D. Research Argument

- a. Based on the Rational Actor Model, the Indonesia's ruling government believes that by joining BRI will help Indonesia to pursue its national interest as maximum as possible.
- b. Based on the Asymmetric Dependence Concept, the reason behind Indonesia's society concern is because Indonesia-China cooperation seem not in balance condition, Indonesia seems depend on China than China depend on Indonesia.

E. Purpose of Research

This research aims to achieve some purpose as follows :

- a. To get through and understand on Indonesia's decision to join China's Belt and Road Initiative, and to analyze the dilemmatic circumstance felt by Indonesia's government under Jokowi's administration.
- b. To analyze the reason behind Indonesia's societies' concern toward the implication of Indonesia-China relationship .

F. Methodology of Research

The research method is needed as a type of thought that is systematically used in the research and evaluation of this thesis, which ultimately aims to achieve scientific from the writing of this thesis. In writing this thesis, the methods used are as follows:

1. Type of Research

In this thesis, the type of research is qualitative research. According to Poerwandari, in qualitative research, it is substantial to emphasize the importance of adjacency to people and research situations, until researchers obtain a clear idea of the reality (Poerwandari, 1998).

The research method used to examine the reason behind Jokowi's administrations' dilemmatic circumstance in

joining China's mega project namely Belt and Road Initiative in 2016 is a qualitative research method that emphasizes more on the process of occurrence of a phenomenon.

2. Type of Data

Secondary material, in the form of books relating to the title of the thesis, articles, newspapers, magazines, discourse presented by the opinions of legal scholars, research results, reports and so on obtained both through print media and electronic media.

3. Method of Collecting Data

Method of Collecting Data conducted for this research are:

- a. Library Research, this research was conducted by obtaining references from various books, journals, reports and related material with research objectives (Zed, 2004).
- b. Field Research, this research was carried out by obtaining information directly from officials and authorities in the company to provide information regarding the purpose of the study (Bailey, 1982).

4. Method of Data Analysis

The research of this undergraduate thesis uses analysis technique by gaining data as much as possible and classifying the data which is coherent with this topic. Later, the data are systematically presented based on the relation between one and another subtopic. In this study the authors examine secondary data

G. Scope of Research

The research cover what is underlying Indonesia's decision especially under Jokowi's administration joining China's Belt and Road Initiative among the pros-cons in Indonesia society which causes dilemma.

H. Writing Systematic

1. Chapter I : Discussing about the Background, Research Question, Theoretical Framework, Research Argument, Purpose of Research, Methodology of Research, Scope of Research, and Writing Systematics,
2. Chapter II : Author would like to discuss about the concept, vision, Strategy, geographical scope, the implementation and the implication of Belt and road Initiative in Indonesia,
3. Chapter III : Is the conclusion of the research.