

CHAPTER I INTRODUCTION

A. Background

In this modern era, technology is creating a more effective and advanced development. Modern era also creates a possibility where some problems are would be solved quickly. Those problems that will be solved in this case are high-population and mobility of people. Furthermore, some countries focus on developing the infrastructure for the betterment and quality of life of the society.

Indonesian government initiated a wide-areas project which is known as the mass transportation project. This project is called as High-Speed Rail (HSR) Project. HSR Project was firstly planned in 2008 by the president of Indonesia, Susilo Bambang Yudhoyono. Unfortunately, this project has been suddenly postponed for few years. On the next administration under Joko Widodo, wants to run this project for the second time (Associated Press, 2016). Unfortunately, this project has once been vacuumed due to some problems and issues during the initiation of this project.

The route of the HSR Project is divided into two phases. The first phase is the Jakarta-Bandung route which length around 150 km. The second phase after the first route is done, will be building Jakarta-Surabaya route which length around 700 km. This project has estimated the cost around US\$5-6 Billion for Jakarta-Bandung route and around US\$7 Billion for Jakarta-Surabaya route. This project is supposed to cost much money, s Indonesia's government consider to bids from other countries (Praditya, Perbedaan Proposal Proyek Kereta Cepat China dan Jepang, 2016).

The condition of Indonesia itself needs mass public transportation which in this case a high-speed train. In this case, Indonesia has the railroad system that spread around Java Island and several parts of Sumatra Island. However, the urgency of this project, according to chief presidency staff, Teten Masduki,

on the official website of Kompas media, that the HSR project is one of the massive transportation projects in Indonesia (Akuntono, 2016).

HSR Project also refers to Joko Widodo's ambitions on the high-speed train itself. He wanted that Indonesia should have an advanced high-speed train system (Hidayat, 2017). His ambition is because Indonesia still does not have the high-speed train. Indonesia is left behind compared to another country which already has their high-speed train (Akhir, 2016). Jokowi is also envious with several countries in South East Asia such as Malaysia and Singapore which already has their high-speed train system. Joko Widodo also thinks that HSR Project would become the milestone for Indonesia transportation system (Hidayat, 2017).

In the HSR project, Indonesian government believes that the result of this project will give some positive impact towards Indonesia's economy. On the report of Wilmar Salim and Siwage Dharma Negara (Salim & Negara, 2016), they stated that,

"For Indonesia, it opens opportunities to accelerate its infrastructure development agenda, with the hope of boosting the slowing economy. It is important, though, that the project is properly managed and completed on time. It must also be seen to keep to all the required regulations that are in place to ensure safety, environmental standards, and good corporate governance."

By this statement, Indonesia will increase the capabilities of managing the development that in the future could promote the sustainability of the economic sector. They believe that HSR project also can improve better in the distribution aspect to booster the domestic economy. Beside of that, the mobility of people itself also become more comfortable, and faster. Beside of that, the mobility of people itself also become more natural, and also faster. At the usual train, the estimated time arrived from Jakarta to Bandung is around 5-6 hours. On the other hand,

if this project is already done, by the speed of the train is around 250km/hour, it has been predicted the estimated time arrive approximately less than one hour (Praditya, Jakarta-Bandung Cuma 35 Menit, Berapa Harga Tiket Kereta Cepat?, 2016).

Along the way of the initiation of this program had experienced some debates. There is some opinion that supported this project, and some of them also opposed this project. From the supported part of this project mostly argue that this project should be started soon because this will help to increase the economic growth of Indonesia and also the distribution. On the other hand, there was some opinion that said the HSR Project should be canceled. Based on the cnnindonesia.com, Andrinof A. Chaniago noted that the HSR Project should be withdrawn. He also said that the possibility to run this project is too small. Because the condition of Indonesia GDP is still below average, it should be around US\$10.000 to fulfill the other requirements (Sari, 2015)

Indonesia's government is expecting to invite some other countries to invest their money in this project. The parameters of the country that wants to invest are, first, country that has already developed and managed high-speed train, second, they are willing to invest without any Indonesia's financial included. In the beginning, Indonesia's government the HSR Project itself already invited countries such as Germany, France, Japan, and China. Thus, those countries already put on stances by delivering the proposal to Indonesia. However, Indonesia's government rejected the contract proposal from them. The reason was that Indonesia's financial still included in the proposal.

The beginning of this phenomenon between Indonesia, Japan, and China was started in September 2015. Japan already sent their engineer in 2008. By this situation, Japan was already interested in helping to develop Indonesia first HSR. The initiation of this program by JICA in Indonesia-Japan Expo 2008 (Japan Official Development Assistance - Indonesia, 2008). In this Expo, Indonesia and Japan shared each other's capabilities of both countries, especially on train development.

Firstly, Indonesia's government received a proposal from Japan under the name of JICA (Japan International Cooperation Agency) in September 2015. Several days after Indonesia accepted the bid from JICA – Japan, China submitted the proposal to Indonesia by state-own companies of China, China Railways International. Co. Ltd. Indonesia faced problematic action toward these two countries proposal. Both Japan and China competed for each other to win the tender of Indonesia HSR Project through some mediation and cooperation with Indonesia.

On the last minute of the deadline acceptance of the proposal between these two countries, Indonesia preferred to choose China's proposal instead of choosing Japan's proposal. The occasion for signing the contract was held on Beijing along with several contracts between Indonesia and China (See **Appendix 5**). There were so many reactions towards this decision. In Indonesia, the people whom anti-China movement was triggered after this decision published to the public. According to Sri Bintang Pamungkas in Indonesia Dicaplok China Seminar, he said that Indonesian would be banished by Chinese since long time ago. After President Joko Widodo initiates a Global Maritime Fulcrum especially on HSR Project is a way to build Chinese hegemony in Indonesia (Dinar, 2016).

Furthermore, this situation has created conflict between these two countries. Japan considered that Indonesia's government have not been professional to deal with this problem. Indonesia's government has terminated the contract towards Japan that took place in Indonesia-Japan Expo 2008 by JICA. Japanese Prime Minister, Shinzo Abe also stated his disappointment of Indonesia's government that prefer to choose China's proposal over Japan. Chief Cabinet Secretary, Yoshihide Suga, stated in Financial Times Online, they already took every way to win the tender of HSR Project, but at the last time of completion, the result is more disappointing to be accepted (Harding, Chilkoti, & Mitchell, 2015).

B. Research Question

Based on the background which has been written above, the writer formulated research question as the following: *Why did Indonesia decide to choose China's HSR Project Proposal instead of Japan?*

C. Theoretical Framework: Political System by David Easton

Based on the status quo right now, Indonesia really needs to improve their transportation system. The capability of Indonesia to create their new type and advance technology in train transportation is barely impossible. In order to fulfill the needs of better train transportation Indonesia should cooperate with other countries.

In order to fulfill the requirement of an analysis on undergraduate thesis, it should contain at least a theory. The theory can give explanation and describe particular phenomenon which conceptualize political system. This undergraduate thesis also put decision making process as the completion of the theoretical framework.

Political System

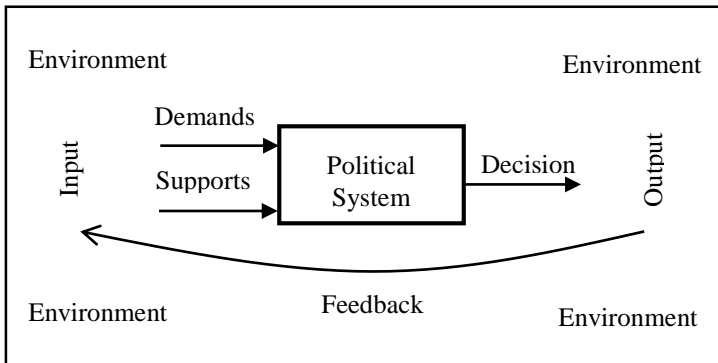
In any kind of phenomena that happens in this world, there is needed a system to reach out what they want and need. The system should contain a complete body that could maintain the inflow and outflow and give reaction to the result. Based on social sciences, this is called as a political system. Miriam Budiardjo (Budiardjo, 2008) said in his book that, *"Political system is similar to organism. It contains by some parts and components which depend to each other and give feedback."* This statement means that political system is a system that contains whole process which determine which way to create power by involving other actors to create a harmonic relations inside.

The political system that the writer uses is David Easton's political system. David Easton's was branding his idea about political system. He defined political system is *"that system of interactions in any society through which binding or authoritative allocations are made and implemented"*. On his

article on *World Politics Journal*, *An Approach to the Analysis of Political Systems*, he examined some possible actors that would be involved in the political system before it was released to the society. Those are political parties, interest groups, government and from voting (Easton, 1957).

According to David Easton, there are many elements that influence the capability of the involving actors on decision on political system. Easton created a cyclical process in order to make the process of political system clear. The main factor that influences the political system is environment. In this case, environment can generate inputs and outputs. Environment also can give some feedback towards the results. Inputs come from two factors; demands and supports. While outputs means the result of the decision making process which means policies. After the policies have been released it takes feedback towards the society. The graphic diagram is drawn below;

Diagram 1 1.1 David Easton Political System



Source: *David Easton (1957); An Approach to the Analysis of Political System*

As an elaborations on how the process of political system looks like a black box, we can't see it clearly what happens there (Easton, 1957). According to David Easton on Tim Veen's Book (Veen, 2011) that we can see the inputs and output, but the conversion mechanism on processing the input into policy is rarely visible. There are some actors and its own way to shape

into policy; such as voting on each of policy influencers, selections and filterization and also analyzing the aspect for society.

David Easton also argued political life is (Awami Politics, n.d.) “*a system of behavior embedded in an environment to the influence of which the political system itself is exposed and in turn reacts*”. Political system consists of several environment, such as social, economic, cultural, religious, and ideological conditions. In solid terminology, these environment of economy, ecological conditions and others material non-material variables demands natural and human resources.

In economic environment, same with other terms that give effect to political system, give some borders. The border that could change the possibility of shifting of power from the decision. The border also will come in different form, depends on the condition that influencing the political system variables of supports and demands (Awami Politics, n.d.).

Economic cannot be related as the political terms. On the other hand, the practice of economic could lead into political issues. According to David Fisher, there are some connections between economic and political terms. Many economic phenomena can be affected by political point of view as well as the political aspects sometimes needs economical supports (Fisher, 2016). For example, in terms of decision making, the decision makers should looked for the capacity and/or the opportunity on seeing through economic views. If there would be miscalculated the people will be suspicious and mislead with the government.

Based on the explanation above, the writer finds some correlation in the case of HSR Project on Indonesia. Some supports and demands come from the environment that would lead to outputs which are the decision on choosing China’s proposal.

a. Demands

Indonesia needs the transportation system that would be increasing the people to mobilize faster. The

demands of the transportation system are from the society. They need something sufficient to mobilize quickly. In this case, society believes that the train network should be upgraded. Train transportation system is one of the means to be used by the society to mobilize. Thus, the demands of High-Speed Train is high because the society wants it and they still have to travel for hours by using the regular train.

Despite the demands of society, the government also believe that current train network needs to be upgraded. Indonesia's current President, Joko Widodo and his official government officers believe that Indonesia is still left behind with other South East Asian countries in the case of advanced train networking. This project is initiated by Susilo Bambang Yudhoyono, but it was postponed. After that, current President, Joko Widodo continued the project of HSR. Thus, the government of Indonesia thinks some consideration of terms and agreements and decide to open some investment for the foreign country to win the project and acquisition the project.

b. Supports

Besides from the local demands of the procurement of HSR Project, some supports emerge from foreign countries that wanted to help Indonesia realizing that project. Those countries are Japan and China. As we know that Japan and China are the countries that already have advance high-speed train network and also actively win some tenders on procurement of HSR Project on many countries in Asia.

In 2008, Japan was initially interested in this project since the announcement declared by Susilo Bambang Yudhoyono era on the event of Japan Train Expo by JICA (Japan Official Development Assistance - Indonesia, 2008). Along the way, many experts and scientists came from Japan to Indonesia to do some research for preparing this project. They initiated some efforts such as checking the availabilities of terrain and location to put the place of

HSR Project. Indeed, Japan was interested in this project (Japan Official Development Assistance - Indonesia, 2008).

China also publicly announced that support the HSR Project which initiated by Indonesia in the event of the bilateral meeting between Indonesia and China on March 26th, 2015. Xi Jinping officially announced that China would help and interested in that project (Harner, 2015). In the same year, China also held an event which introduces China's Bullet Train and other advance train networking system (Yang, 2015).

Both countries are known as countries of train-makers and have already proven their ability to build that advanced train network. They already made some efforts to help and have some interest in establishing and procurement of High advance HSR in Indonesia. Both countries also competed for each other to win this project by setting up some bids for Indonesia to choose (Harner, 2015). The offers from both countries are quite excellent for Indonesia. Japan's offer is about the availability of Japan's bullet train (*Shinkansen*) to be installed in Indonesia, but the costs would be expensive. While in China, they proposed advance HSR model which has already been used in several regions in China and other countries.

There is also some influencers that support the decision on this project that came from the governmental level. Both are local government and central government. The local government has the authority to establish and implement the policy that regulates any project or development that involved their legitimate region. In this case, the local government which allegedly support the decision are the region that bypasses this procurement project such as Jakarta, Karawang, and Bandung. The central government which consists of current President Joko Widodo and some head of ministries such as SOEs

Ministry, Transportation Ministry and also head of SOEs of PT. KAI (Lubis, 2016).

The society of Indonesia also support the decisions of Indonesia choosing China over Japan. The Transportation Society of Indonesia (MTI) as a community which focuses on transportation development, one of the observer from (MTI), Darmaningtyas, expressed the gratitude of the procurement of Jakarta-Bandung HSR. The society needs sufficient trains to travel and do business since this project is located between two prominent cities in Java, the activity of railroad transportation modes should be sophisticated (SindoNEWS, 2015).

There are also some correlated data which stated that one of the influencers came from businesspersons especially from China which also supports this project. The role of businesspersons is to convince the central government to choose their proposal by using effective negotiation to bypass the political aspect that already done by the previous proposal. Meanwhile, with the local government, they will help through much bureaucracy for this project to make it more straightforward contract on this project (Sambijantoro, 2016).

D. Hypothesis

In order to answer the research question above which will be answered by theoretical framework above. It hypothesizes that Indonesia government decide to choose China's HSR because several actors lead into the reason why Indonesia prefer to choose China proposal. The political economy become considerations with demands and support from policy influencers on domestic such as from the society and government and also from international context such as from the businessperson and China's OBOR initiative which involved in this project.

E. Range of Research

The range of research is significant to determine and limit the time, content and perspective of the research. The range of research also guides the research based on how the research

should be concrete and stay focus on the research question and hypothesis. In this undergraduate thesis, the writer decides to put the limits of the research on the motives of political and economic perspective on why Indonesia government choose China's proposal instead of Japan on Jakarta-Bandung HSR Project. The range of time would be around 2015-2016.

Specifically, the writer analyzes this issue since March 2015 when Indonesia accepted China's contract proposal in Beijing, on the occasion of Bilateral Meeting between Indonesia and China. The results of the bilateral meeting of the two government delegations were outlined in the Joint Statement of Strategic Comprehensive Partnership between the Government of the Republic of Indonesia and the PRC Government (Sekretariat Kabinet Republik Indonesia, 2015).

In 2016, some phenomena were happening especially from Japan point of view after Indonesia accepted China's contract proposal. The writer will provide in the next chapter that there are some rejection actions from Japan. The writer also provides some information from Indonesian point of view regarding this phenomena.

F. Research Method

The method of this undergraduate thesis is using the qualitative method by using primary data with interview and questionnaires to several correspondents. This thesis also uses library research as secondary data by collecting data or information from sources such as books, articles, reports, and journals. Besides of printed data, other sources that are used in this research are from electronic media such as the website.

The type of the thesis is explanatory research. The purpose of the explanatory research is to explain the motive and background of phenomena. The writer seeks some facts and relates it to the chosen theoretical framework.

G. System of Writing

This research would use the outline as follows:

Chapter 1: This chapter is the introduction of the issue starting with describing the background of the issue, research question,

the theoretical framework, the hypothesis determined, range of research, research methodology, and the outline of the research.

Chapter 2: This chapter will explain about Indonesia's perspective towards this HSR Project and every train transportation-based project.

Chapter 3: This chapter will describe the bilateral relations between Indonesia-China and Indonesia-Japan especially on political-economic relations.

Chapter 4: This chapter will explain the analysis of this phenomenon using the concept of political system and also describe each role of actors that involved this project.

Chapter 5: This chapter is a conclusion of the research and explanations that have been analyzed in the previous chapters.