Social Development or Economic Development: The Dilemma Behind an Ambitious Infrastructure Development

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Abstract
The construction of the One Belt One Road (OBOR) infrastructure is a reasonably ambitious development. However, at the same time, there are several dilemmas faced by the Indonesian government. This research will examine the potential and obstacles to the ambitious OBOR infrastructure development in Indonesia. This research will be carried out using a qualitative approach. The data used in this study comes from previous research and studies that still have the same discussion as this research. This study found that OBOR infrastructure development can potentially increase the connectivity of waters in Indonesian territory. This will lead to an even social and economic development distribution throughout Indonesia. However, at the same time, several dilemmas need to be faced by the Indonesian government in building OBOR infrastructure.

Keywords: One Belt One Road (OBOR), Development, Infrastructure.

Introduction
The One Belt One Road (OBOR) Initiative is a kind of international collaboration put out by China in order to construct a commercial route that was historically used by merchants traveling from Europe to China. OBOR is a form of globalization phenomenon that creates a borderless effect for every country it passes through. It focuses mostly on infrastructure, building materials, trains, highways, automobiles, real estate, power grids, iron, and steel investments (Wen et al., 2019). OBOR is China’s ambitious
connectivity initiative to connect the country to Asia, Europe, and Africa by constructing infrastructure and land and marine transportation connections. After Mao Tse-Tung announced the establishment of the People’s Republic of China on October 1, 1949, China began constructing a nation based on communist and socialist principles. Then, in 1978, after the death of Mao Tse-Tung, Deng Xiaoping, together with the Chinese Communist Party (CCP) and world capitalist powers then, carried out trade liberalization to improve the country’s economy (Rimmer, 2018). Deng Xiaoping once said that being rich is noble. Phrases are just sayings, but the values embedded in them have encouraged China never to be half-hearted in investing. One of China’s most significant investments over the past decade has been the One Belt One Road (OBOR) initiative (Freymann, 2021).

One Belt and One Road are the two guiding ideas of OBOR. One Belt refers to the Silk Economic Road or a land-based commerce route from China, Central Asia, East Asia, South Asia, and the Middle East to Europe, which will also be supported by additional rail lines, highways, and pipelines. One Road, meanwhile, alludes to the 21st Century Maritime Silk Road, a maritime silk route connecting China with Southeast Asia, South Asia, Africa, the Middle East, and Europe (Nasution et al., 2022). In 1877 A.D., the German geographer and explorer Ferdinand von Richthofen coined the name silk route, referring to the path as Seidenstrasse (silk road) or Seidenstrassen (silk route). The Silk Road was a network of ancient trade routes formally established during the Han Dynasty that connected the ancient world from Asia to Europe in trade between 130 BC – 1453 AD. Later, during the Han Dynasty, the role of silk became essential. Silk was used by the kingdom at that time as an offering to strengthen diplomatic relations with other kingdoms (Whitfield, 2021). Foreign traders who came to mainland China to sell Roman glassware, Indian cotton textiles, spices and perfumes, gemstones, and woolen textiles were especially interested in silk fabrics from China. China began producing silk to meet demand on special routes that later served as trade, communication, and transportation routes in Eurasia. Later, this route was called the Silk Road (Pomfret, 2019).

In the 19th century, German geographer Ferdinand von Richthofen coined the phrase "silk route." Because, at that time, silk was the primary commodity of the trade from China. The continental Silk Road is divided into two routes, the northern and southern routes, which extend from the trade centers of North China and South China, respectively, while the northern route passes through the Kipchak Bulgar to Eastern Europe and the Crimean Peninsula, and from there to the Black Sea, the Sea of Marmara, and the Balkans to Venice. Simultaneously, the southern route traverses Turkestan-Khorasan through Mesopotamia and Anatolia, and then to Antioch in South Anatolia towards the Mediterranean Sea or across the Levant to Egypt and North Africa (Gupta, 2020).

The OBOR initiative is built on historical, empirical, and practical foundations. Based on history, the silk route is a trade route that has existed for thousands of years, and China has taken the initiative to revive the route. Empirically, the values of “peace and cooperation, openness and inclusiveness, mutual learning and mutual benefit” have been ingrained in people along the Silk Road from generation to generation and drive the prosperity and development of countries along these routes (Zhang & He, 2021). In practical terms, the international and domestic conditions for countries along the current
trajectory are increasingly complicated, and world economic growth is weak. Therefore, China took the initiative to rebuild the Silk Road to enable countries along the route to cooperate mutually beneficially to face international economic, social and political challenges (Lin & Ai, 2020). The OBOR initiative is an attempt by China to gain an advantage. Through the construction of OBOR, billions of dollars in transactions took place. Countries worldwide, especially the 64 countries with direct access to the areas traversed by OBOR, enthusiastically responded to this initiative (Javed & Ismail, 2021).

Global connectivity is one of the main goals of the OBOR initiative, which has created its potential and challenges for Indonesia because it intersects with national interests. Indonesia has signed 23 memorandums of understanding between Indonesian and Chinese business people at the second One Belt Summit, One Road Forum in Beijing, China. The OBOR initiative is managed by a small group consisting of the National Development and Reform Commission (NDRC), China’s Ministry of Foreign Affairs and the Ministry of Commerce led by Deputy Prime Minister Zhang Gaoli (Margiansyah, 2020). On the other hand, OBOR poses a challenge for Indonesia, notably in the economic realm, in the form of competition for local products with Chinese products and for domestic workers with Chinese labor, in the area of maritime defense, namely in the Malacca Straits, the Natuna Islands, the South China Sea, the threat of transnational crime for maritime security (Fitriani, 2021).

Indonesia values OBOR as a means of boosting the country's economy through infrastructure development with Chinese investment. OBOR can also help Indonesia achieve its ambition of becoming the world's maritime axis. Both countries use OBOR to boost their economy and infrastructure development (Iksan & Soong, 2022). However, in the implementation of OBOR development projects in Indonesia, the two countries seem to be having difficulties with inadequate primary infrastructure conditions, complicated bureaucracy and regulations, lack of legal certainty and a lack of certified human resources. This is a challenge for Indonesia to continue improving these deficiencies to attract Chinese investors in Indonesia (Chi et al., 2022).

Through the brief explanation above, the researcher intends to look at the impacts of OBOR infrastructure development to support Indonesia’s economy.

**Infrastructure**

The economy's infrastructure enables the flow of goods and services between customers and sellers. The Routledge Dictionary of Economics proposes a larger definition, namely that infrastructure is also the primary service of a country that facilitates economic and communal activity through the provision of transportation and other auxiliary services (Nugraha et al., 2020). Infrastructure, according to Larimer, is the foundation or work plan that supports important services, facilities, and institutions that are dependent on the growth and development of a region, community, or system. Infrastructure consists of a vast array of services, institutions, and facilities, such as transportation systems and public utilities, in order to fund education, law and law enforcement systems, and research (Bruno et al., 2021).

Many definitions from the literature regarding infrastructure show that there are several elements in common, such as (1) Infrastructure is an extensive system; (2)
Infrastructure has a strong technological dimension; (3) Infrastructure consists of physical components that cannot be moved; and (4) Infrastructure provides important and irreplaceable services (Mohebbi et al., 2020).

Regarding the relationship between infrastructure and economic development, various economists offer infrastructure-related insights. Infrastructure, according to Hirchman, is anything that is required. Without infrastructure, numerous economic sectors (industries) cannot conduct manufacturing operations (Tang et al., 2021).

Through PP No.42/2005 pertaining to KPPI, the government outlined numerous infrastructure types whose provision is governed by the government: transportation infrastructure, roads, irrigation, drinking water and sanitation, telecommunications, power, and oil and gas transportation. The aforementioned categories can be defined as basic infrastructure since it serves the public interest and is required by the larger population; therefore, it must be governed by the government (Putra et al., 2020). The definition of being regulated is not the same as being built by the government because the provision of such infrastructure can be done in collaboration with business entities, as regulated in PP RI No.67/2005 concerning cooperation between the government and business entities in providing infrastructure.

The several types of infrastructure that can work with business entities include:

a. Transportation infrastructure, including seaports, rivers/lakes, airports, rail networks and train stations
b. Road infrastructure includes toll roads and bridges
c. Water infrastructure, including channels carrying raw water
d. Drinking water infrastructure, including raw water collection buildings, transmission networks, distribution networks, drinking water treatment plants
e. Wastewater infrastructure, including wastewater treatment plants, collection networks and main networks and waste disposal facilities which include transportation and disposal
f. Telecommunications infrastructure includes telecommunications networks
g. Electricity infrastructure, including power generation and transmission/distribution of electricity
h. Oil and gas infrastructure, including processing, storage, transportation, transmission or distribution of oil and gas (Kuklina et al., 2022).

The differences between basic infrastructure and others are not always the same and may change over time. For example, the telephone, previously classified as complementary infrastructure, is now classified as basic infrastructure (Greenstein, 2020).

**Development**

All attempts to promote the well-being of people and the larger community constitute development. In brief, development encompasses all sustainable activities aimed at bettering the situation of society and the nation. The term development undergoes change/development as a translation of various foreign terms, so sometimes, it creates confusion in understanding. In everyday terms, the word development is a translation or equivalent of development, growth and change, modernization, and progress (Leal Filho et al., 2019). Therefore, it becomes increasingly challenging to define
development” into a formula that can be used to meet the needs, expectations, or functions that are very diverse and attached to the term development. The development includes many meanings, physical and non-physical, process and goals, physical and spiritual. Understanding the economic, political, sociocultural, and other spheres is also associated with the term development (Kharazishvili et al., 2020).

However, even though there is no precise definition, the aims, objectives and meanings contained in the term development all refer to something that has a better, positive and more beneficial direction for human life individually and in society. So the term “development” in general can be defined as improving a community’s welfare or quality of life (O’Neill et al., 2022).

While the meaning of “welfare” here is not just the fulfillment of basic needs, which include clothing, food and shelter, but also the fulfillment of other human values:

a. Self-sufficiency. Specifically, the capacity of a community to meet all of its fundamental needs, such as clothing, food, shelter, health, safety, primary education, and recreation/entertainment, among others. Self-sufficiency is an increase in people’s self-esteem due to the growth of self-confidence not to depend on other parties and to live independently to avoid various pressures and avoid attitudes/sense of oppression by other parties.

b. Self-esteem. Namely, having self-confidence so that other parties do not use it for their interests or live in oppression.

c. Freedom. That is an atmosphere that avoids fear and pressure from any party in choosing various alternatives to develop the various potential resources they have in realizing continuous improvement in the quality of life and welfare for each individual as a member of society (Easton-Calabria & Herson, 2020).

Method

This research will be carried out using a descriptive qualitative approach. The reason for choosing this approach is to explore the potential and challenges of OBOR infrastructure development in Indonesia. The data used in this research comes from previous studies and studies that are still related to the content and this research. The research data that has been successfully collected will be processed immediately so that later the results of this research can be found.

Result and Discussion

Infrastructure Development Urgency

Infrastructure is essential as one of the driving wheels of economic growth to accelerate national development. For this reason, this sector must be in line with macroeconomic developments. At present, Indonesia’s economic growth continues to increase, and if it is not accompanied by adequate infrastructure development, there will be stagnation at certain times in economic growth because it causes the pace of investment to be hampered.

In addition, infrastructure development is also needed because it is fundamental to creating equitable development. The extent of Indonesia’s territory, consisting of thousands of islands, requires growth in this sector to ensure all levels of society can feel
development results. Infrastructure development will create better connectedness or connectivity between regions to facilitate the flow of goods and people in terms of economic activities in society.

Infrastructure conditions can affect economic growth, foreign investment, poverty alleviation, and environmental quality in Indonesia. The low level of infrastructure development can hinder the growth potential and pace of the economy. Signs of low infrastructure development can be seen from the high level of congestion in big cities, where the growth of vehicles is already higher than the growth of road infrastructure and its supports, increasing transportation costs. Then this can also be exacerbated if there are still many areas that are not yet connected because the multimodal network is still poor, which results in high logistics costs.

Therefore, this infrastructure development must be one of the Government’s main agendas, which must be completed immediately so that the infrastructure development process can run quickly. Good infrastructure can improve the connectivity that occurs in regions in the country of Indonesia. This increased connectivity will boost domestic growth and attract more foreign investment.

One Belt One Road (OBOR)

The OBOR Initiative is a sort of international cooperation put out by China in order to construct a trade route that was historically used by merchants traveling from Europe to China. Indonesia values OBOR as a means of boosting the country’s economy through infrastructure development with Chinese investment. OBOR can also help Indonesia achieve its ambition of becoming the world’s maritime axis. In this case, both countries use OBOR to boost their economy and infrastructure development.

One Belt One Road, also known as the New Silk Road, consists of the Economic Silk Road and the 21st Century Maritime Silk Road. The Economic Silk Road refers to the ancient Silk Road, which served as a 10,000km route of trade activity and cultural exchange from China to Rome. The Economic Silk Road aims to enhance China’s economic cooperation with countries in the Central Asian region. Efforts to increase economic cooperation are essential in line with China’s growing global political influence, which is perceived as a potential threat to countries in Central Asia. Meanwhile, the Maritime Silk Road aims to improve China’s relations with countries in South Asia and Southeast Asia by emphasizing cooperation in the security sector of maritime trade routes. The 21st Century Maritime Silk Road Initiative aims to neutralize the negative perceptions of Southeast Asian and South Asian countries towards China by emphasizing economic cooperation, including financial cooperation, infrastructure development projects (such as the construction of roads and railroads), and efforts to increase cooperation in the field of security. The idea of the 21st Century Maritime Silk Road also emphasizes the importance of the maritime aspect of enhancing China’s cooperation with countries in Southeast Asia and South Asia through strengthening the maritime economy and technical and scientific cooperation in the environmental field.

According to the Investment Coordinating Board (BKPM), four sectors are the leading destinations for Chinese investment, including smelters, electronic appliances, infrastructure, and the beverage industry. Investment in the infrastructure sector in
Indonesia is one of China’s efforts to realize the OBOR initiative. Investment coming into Indonesia is not only dominated by China, but capital coming in from China has more or less influenced the development and progress of infrastructure development. Furthermore, infrastructure progress will boost the Indonesian economy. Until now, Indonesia and China are actively cooperating in various fields, such as the economy, infrastructure, science and technology. Economic and infrastructure cooperation between Indonesia and China continues to increase yearly, especially after implementing the OBOR project. This can be seen from the increase in China’s rating, which accumulated with Hong Kong as the second largest source of investment in Indonesia in 2017 after beating Japan, with Singapore in the first place. Investment in the infrastructure sector in Indonesia is one of China’s efforts to realize the OBOR initiative. Investment coming into Indonesia is indeed not only dominated by China, but capital coming in from China influences the development and progress of infrastructure development. Furthermore, infrastructure progress will boost the Indonesian economy.

Indonesia’s Interest in the Potential of the 21st Century Maritime Silk Road OBOR Mega Project

China makes very tempting offers to fund several infrastructure projects up to around 90% of the required cost. The amount of investment from OBOR will certainly help President Jokowi’s vision of realizing the World Maritime Axis. Infrastructure development in the framework of increasing sea connectivity can be carried out by building seaports and sea toll roads. The main port along the 21st Century Maritime Silk Road will act as a sea post that handles cargo and ships and supplies human resource needs. One of the infrastructure development projects offered by the maritime silk route for Indonesia is the construction of the Port of Kuala Tanjung in North Sumatra and the Port of Bitung in North Sulawesi. The construction of the two ports aims to create economic equality between regions, especially outside Java Island. Apart from port construction, another investment project that can be raised through OBOR is the construction of a sea highway. The sea highway is expected to cut logistics costs for domestic trade to all corners of the archipelago, so that basic needs throughout the country can also be equally met. At the same time, the economy outside Java will continue to grow and develop so that regional disparities can be continuously reduced. So, adequate infrastructure can facilitate the marketing and trade of Indonesian export products along the OBOR route, as well as reduce the level of economic disparity between regions.

In addition, cooperation with China to develop maritime infrastructure in Indonesia can be utilized by the government to develop and advance Indonesia’s maritime tourism sector. The maritime tourism sector, especially in eastern Indonesia, requires infrastructure and facilities for accommodation, consumption, transportation, sanitation, health, information centers, security, guide services, and trade facilities. Adequate infrastructure development can attract local and foreign tourists to increase the country’s foreign exchange and empower local communities to reduce regional income gaps in eastern Indonesia.
The potential of OBOR can be utilized to advance Indonesia's national interests because OBOR is consistent with the World Maritime Axis vision. This is pertinent to three of the five pillars of the World Maritime Axis' vision: maritime connectivity, maritime economy, and maritime culture. It is anticipated that the expansion of maritime infrastructure would expand the connectivity of maritime routes throughout the archipelago, which will affect the maritime economic activities of Indonesia. This path will accelerate the development process further and equalize the development results. Thus, this can boost Indonesia’s economic growth. Then, using a maritime-based economy through the maritime tourism sector can create a maritime culture for the Indonesian people.

The Dilemma of OBOR Infrastructure Development in Indonesia

OBOR is China’s foreign and economic policy initiative. From the discussions that have developed in recent years, there is little doubt that the initiative’s overall aim is actually to help China achieve its geopolitical goals by economically tying China’s neighbors closer to Beijing. OBOR’s most achievable goal is its contribution to enhancing China’s manufacturing capabilities. Given Beijing’s ability to finance projects and the multiplier effect on borrower countries, to widely use China-made high-end industrial goods such as high-speed trains, power generation equipment, and the use of China-made telecommunication equipment in OBOR countries.

The dilemmas that could hinder Indonesia’s attractiveness as an investment destination related to the OBOR connectivity plan are:

a. Land acquisition

Land acquisition is a serious obstacle to many infrastructure investments in Indonesia, with the percentage of financing that must be issued reaching 30 to 40 percent of the total investment cost. Even though in 2012 Law No. 2 of 2012 concerning Land Acquisition for Development in the Public Interest was promulgated, which provided time limits for land acquisition and purchase, independent land price assessment, and accountability for each activity. However, its implementation is highly dependent on the operational framework’s clarity and key implementers’ capabilities. In addition, the lack of clear, consolidated and national land ownership data is an ongoing challenge that needs to be addressed quickly. In addition to land acquisition issues, the challenges that also arise are institutional capacity which includes governance, inter-agency relations, and human resource capacity, which are often not optimal so that each view is for the interests of its sector or institution, thereby ignoring the much larger public interest.

b. Unclear land ownership data and inter-agency relations are critical infrastructure problems that must be addressed immediately. Completing national land ownership data requires a long process, so existing information networks in the regions through the national land agency should be utilized. This is intended so that the lengthy process of land acquisition, as happened in the case of the power plant in Batang, can be overcome. Regions that become national-scale investment activities must be the main target of solving problems.
c. Coordination
The lack of coordination between central and local governments remains a significant obstacle for many infrastructure projects. Indonesia has a cumbersome Public Private Partnership (PPP) licensing process, which requires more than 40 permits and licenses from various government agencies. Every PPP project needs to apply for a business permit, obtain secure approval for project technical specifications, obtain an operating permit, and obtain approval for construction. Coordination between the central and regional governments, even between elements of the regional government itself, must be continuously improved. Routine meetings are held annually, and working visits between legislatures in the regions to the center or vice versa have often been carried out. However, there is still room for miscoordination between the two critical elements of governance in the regions.

d. Skepticism because the financing comes from China
Latent suspicion of Chinese investment is prevalent in Indonesia. For a country that has recently become democratic, China’s increasing investment trend is often used as a political tool to criticize and attack government policies. There have been accusations on social media that President Jokowi and several ministers have invited Chinese funds, labor, and communist ideology. The anti-Chinese sentiment is being revived by those unhappy with the current government through the image that Chinese investment is modern colonialism. Such a view continues to be a challenge, especially in China’s multilateral financing, such as OBOR. So, it becomes a challenge for the government to voice that the developing opinions are wrong.

e. The existence of regional regulations that can inhibit investment
The many local regulations that impede investment have been complained about by business actors, both foreign and domestic. The Ministry of Home Affairs in 2017 stated that it had canceled 111 Permendagri/Inmendagri in the first stage and 159 regulations in the second stage, 1,765 provincial Perda/Perkada regulations, 1,267 Regency/City Regional Regulations/Perkada which were canceled by regional heads because they hampered services and permits for investment in the region.
The awareness of the legislative and executive institutions in the regions that a country will achieve greater economic prosperity through participation in foreign trade rather than through trade protection is still lacking. Investment, originating from the state and outside business actors, is the driving force for regional economic turnover. Most of the obstacles to investment are caused by overlapping regulations between various sectors.

Conclusion
Based on the results of the discussion above, it can be seen that the One Belt One Road (OBOR) policy is a policy initiated by the Chinese government and impacts infrastructure development in Indonesia. This infrastructure development helps Indonesia to become a World Maritime Axis by increasing water connectivity in
Indonesia. This infrastructure can then increase equity throughout the country so that the disparities between regions can be reduced. However, there is still a dilemma in this infrastructure development. Some of the dilemmas in this development are the difficulties in carrying out land acquisition, complicated coordination, and regional regulations that make investment difficult. Then aid from China earned skepticism among the Indonesian people about the purpose of this infrastructure development. This ambitious infrastructure development has many advantages for the economic and social growth of the Indonesian people, but at the same time, it has many dilemmas to face.

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