The Impact of Government Policy to Raise Subsidized Fuel Oil Prices on City Transportation in the City of Medan

Kevin Benammi Imanuel Maha¹, Jesly Alberto Saragih², Leo Partogi Pakpahan³, Muhammad Ardian⁴

¹Program Studi Ilmu Politik, Universitas Sumatera Utara, Medan, Indonesia
²Corresponding Author: mhd.ardian@usu.ac.id

ARTICLE INFO
Article history:
Received 22 November 2022
Revised 24 Mei 2023
Accepted 25 Mei 2023
Available online 31 Mei 2023

E-ISSN: 2830-5388
P-ISSN: -

How to cite:
Maha, K.B.I, et al. (2020). The Impact of Government Policy to Raise Subsidized Fuel Oil Prices on City Transportation in the City of Medan: Journal of Sumatera Sociological Indicators, 2(1), 146-

ABSTRACT
This study aims to see the impact of the increase in subsidized fuel on public transportation in the city of Medan. This study uses a qualitative method with a case study approach. Primary Data Collection Techniques through interviews with City Transportation Drivers in Medan City. The secondary data is obtained from journals, reports, and online media. The results of the study show that the increase in fuel prices does not only have an impact on city transportation drivers in Medan City, but also on the passengers. In addition, the government needs to pay attention to the increase in the price of public transportation fares in the city of Medan. Because City Transportation has become the most popular transportation because the price is affordable. If there is an increase that is too high, it will be very burdensome for the community.

Keyword: Policies, Fuel Oil Prices, City Transportation

1. Introduction
Here introduce the paper, and put a nomenclature if necessary, in a box with the same font size as the rest of the paper. The paragraphs continue from here and are only separated by headings, subheadings, images and formulae. The section headings are arranged by numbers, bold and 11 pt. Here follows further instructions for authors. Files must be in MS Word only and should be formatted for direct printing, using the CRC MS Word provided. Figures and tables should be embedded and not supplied separately. Please make sure that you use as much as possible normal fonts in your documents. Special fonts, such as fonts used.

Population growth continues to increase, causing various impacts on aspects of human life. One aspect that is quite affected is the use of energy to support the necessities of life which includes the industrial sector, transportation, households, and so on. The increase in population results in an increase in human needs for energy. Fuel oil is energy that needs to be subsidized because the price of fuel is heavily influenced by external factors, namely the price of crude oil on the world market. Fuel subsidies from the government distributed by Pertamina are still limited to the types of kerosene, diesel and premium as the energy
consumed by the public. Subsidized fuel prices are determined through a Presidential Regulation and aim to stabilize the prices of goods as an impact on fuel prices (Rahmawati, 2021).

Energy subsidies can help society, but there are still drawbacks to this policy. Prices that have been subsidized automatically become cheaper so that consumers tend not to skimp on using them. Subsidized goods or services are also sometimes not on target. Subsidies that should be received by the less fortunate are sometimes even enjoyed by groups who are not entitled to it. The benefits of subsidies in general are to help economic activities for the community. If the income received is low, while the prices of necessities are getting more expensive, subsidies are very useful for the community because they help them to be able to buy fuel at a lower price. Whereas for producers whose production profits are weak, cheaper engine fuel or electricity can reduce production costs. However, the relatively large consumption of energy by the Indonesian people, especially fuel, has created its own problems for state finances (Suryadi, 2015).

Fuel Oil is the abbreviation for fuel oil. This term is often used to describe the fuel used in cars and motorcycles. Fuel Oil is a commodity that plays a vital role in all economic activities (HS, 2012). Not only economic activity, but Fuel Oil also has a vital role in other fields such as Transportation, Industry and Production. BBM is indeed very important in fulfilling the life of the wider community. If, for example, there is an increase or scarcity of fuel commodities, it will certainly have a very significant impact on society. Naturally, with so many sectors that depend on fuel, of course it will experience a serious impact if fuel, which is one of the most important commodities, experiences price increases and even production is scarce.

In 2022, on September 3 to be precise, Indonesia has experienced an increase in the price of fuel oil. The government has issued a policy to increase the price of subsidized fuel oil, namely pertalite, biodiesel, and non-subsidized Pertamax fuels. The increase in subsidized fuel prices was announced by the Minister of Energy and Mineral Resources Arifin Tasrif. Arifin Tasrif said that the pertalite price changed to 10,000 per liter from the previous 7,650 per liter, subsidized solar changed to 6,800 per liter from the previous Rp. 5,150 per liter, non-subsidized Pertamax which changed to 14,500 per liter from the previous 12,500 per liter (Cnbcindonesia, 2022). The government's policy of increasing the price of fuel oil (BBM), will eventually have an impact on other sectors in the economy. This is because fuel oil has a very important role as the fuel that drives the economy (Kominfo.go.id, 2022).

In fact, increases in fuel prices have also occurred frequently since the administration of President Soekarno until now during the administration of President Jokowi. When viewed from history, the first increase in fuel prices occurred on November 22, 1965, at that time premium fuel prices rose to RP 0.3 and diesel 0.2. Not only that, the increase in fuel prices also occurred on January 3, 1966, and was lowered again on January 27, 1966. During the reign of President Soeharto, this increase in fuel oil was also not spared. Unmitigated during his tenure which lasted for 32 years, it was recorded that President Soeharto had raised subsidized fuel prices 21 times. Then, during the administration of President BJ Habibie, the price of subsidized fuel was still the same as the last price during the Suharto era. Thus, during his tenure as president, BJ Habibie never increased or adjusted the price of subsidized fuel (Ardyamarthanino, 2022).

The 4th and 5th presidents, namely Abdurahman Wahid or Gus Dur and Megawati Soekarno Putri, also issued a policy regarding the increase in subsidized fuel prices. Gus Dur was recorded as having made subsidized fuel price adjustments 6 times during his tenure, meanwhile Megawati had made subsidized fuel price adjustments 19 times. Furthermore, during the administration of President SBY there were also changes in fuel prices which occurred 8 times during his term of office. It was noted that the only president who never raised fuel prices was President BJ. Habibie. The increase in fuel oil also occurred in the administration of President Joko Widodo, who has served since 2014 until now. Just like SBY, President Joko Widodo has also made changes to fuel prices 8 times. However, the increase in fuel prices during the reign of President Joko Widodo increased quite significantly (Ardyamarthanino, 2022).

At the end of President SBY's term, the price of subsidized fuel was at 6,500 for premium and 5,500 for diesel as of 20 October 2014. However, at the start of Joko Widodo's administration there was an increase in fuel on 18 November 2014 to reach 8,500 for premium and 7,500 for diesel. After experiencing various adjustments, the price of fuel during the administration of President Joko Widodo was adjusted and returned to normal. Until September 2022 there was a significant increase of up to IDR 10,000 for pertalite, 14,500
for Pertamax, and 6,800 for diesel (Kompas.com). It can be concluded that in every presidential administration in Indonesia, they must issue policies that increase or make changes to subsidized fuel prices (Ardyamarthanino, 2022).

The reason for the increase in subsidized fuel prices is because the 2022 fuel subsidy and compensation budget has increased 3 times from the previous 152.5 trillion to 502.4 trillion and will continue to increase. Then several other causes of the increase in subsidized fuel prices are due to high world crude oil prices, then the balance of producing countries, currency conditions, and rising inflation rates. The impact or result of the increase in subsidized fuel prices is such that public transportation fares increase, then food prices also increase (Khotimah, 2022). Of course, the people who feel the most impact from the increase in fuel prices are the people. With the people's dependence on fuel to carry out their daily activities, the increase in fuel prices will certainly have a major impact on the people's economy, especially the lower and middle class during the Indonesian people's Per Capita income which is not comparable to the fuel price. The community will certainly protest the decisions issued by the Government.

It is very interesting to see how the government will adopt a policy to reduce public dissatisfaction with the increase in fuel prices. Every increase in fuel prices, of course, raises the pros and cons in society. However, as time went on, all people accepted the increase in fuel prices. Because like it or not they also use fuel for their transportation needs. All regions in Indonesia will certainly be affected by the increase in subsidized fuel prices, starting from the lower class of society to the upper class. The impact felt by the community, especially the lower middle class because of the increase in fuel prices, includes a decrease in purchasing power, an increase in the price of basic commodities, an increase in the unemployment rate, and poverty (Rosa, 2022). Our research will discuss the effect or impact of this increase in subsidized fuel in the city of Medan, especially the effect in the field of land transportation / public transportation in the city of Medan.

2. Literature Review

Previous studies have done a lot of analysis on this increase in the price of fuel oil some of them, namely HS's research explained how the impact of the increase in fuel prices had on stock investment on the IDX. The results of this journal research are that the average return on company stock around the day the fuel price increase takes effect, namely 5 days before and 5 days after the event, is statistically significantly different (HS, 2012). In addition, Triputra research explains that students of the Faculty of Social and Political Sciences at Syiah Kuala University carry out their role as intellectuals in addressing the policy of increasing fuel prices (Triputra, 2017). Furthermore, the DP Study discusses the effect of the increase in fuel prices on stock prices. The results showed that the 2013 fuel price increase had a negative effect on stock prices, share value, stock trading volume and stock trading frequency (DP, 2014).

Furthermore, Jura's research explained that the increase in fuel prices certainly influenced the income of public transport drivers in Manado City (Jura, 2016). In addition, Dewi study of the Impact of the Increase in Fuel Oil Prices (BBM) on Nine Staple Materials (Sembako) in Tambun Selatan District during the Pandemic Period was not significant or could be said to have had a positive impact (Dewi, 2022). Furthermore, Amrozi research identified that the price of fuel oil (BBM) rises in general, so public transport fares will also increase, and passengers will prefer private vehicles to public transport, which has higher rates (Amrozi, 2016). Finally, Kariyana research explains the impact of the increase in fuel prices on public transportation rates for the Ubung-Tegal Route (Kariyana, 2017).

This research will basically try to explain and describe how the effects or impacts are felt by the people in the city of Medan, especially people who work in the field of land transportation/public transportation, because of course jobs in the field of land transportation/public transportation are most affected because of rising prices. subsidized fuel. By knowing how the impact or effect is felt by the people who work in the field of land transportation/public transportation, especially the people in the city of Medan, we will get a conclusion whether the government's policy of increasing subsidized fuel prices is the right policy or not, and also the results of this study it is hoped that this can be used as evaluation material by the government for the future in deciding or establishing a policy, to be more careful or think carefully before the policy is made or legalized, because of course the policies made by the government will certainly have a big impact/influence to the community, both positive influence/impact and negative influence/impact.

3. Method
Qualitative research methods can be interpreted as research methods used to examine natural object conditions, (as opposed to experiments) where the researcher is the key instrument, sampling of data sources is carried out by triangulation (combined), data analysis is inductive/qualitative, and qualitative research results emphasize meaning rather than generalization (Creswell, 2016). This article uses a qualitative research method, more specifically a case study qualitative research method. Qualitative Research Methods Case study is one of the studies that focuses on examining the background, interactions, and conditions of certain communities. This form of case study is more suitable for researching an event, activity, or program in a certain group of individuals. The advantage of this type of research is that it can be used to study objects in the form of groups. If the group has the same goal. Data collection techniques in case studies can use observation techniques, documentary studies and can also use interview techniques (Miles & Huberman, 2018).

4. Results and Discussion

Public policy analysis is an important process that helps identify and understand the causes of various economic, political, or social problems logically. It is a systematic and data-based alternative to intuitive judgments about the effects of policy and policy options. To analyze public policy, it is necessary to know the general theoretical path of public policy analysis. The following are some of the theoretical approaches that can be used to study public policy (Anyebe, 2018; Ehrenberg & Smith, 2016; Fischer & Miller, 2017; Mustafa et al., 2021):

Cyclic Model: This model views the policy process as a series of stages that repeat over time in a cyclical manner.

Stages Model: This model highlights the public policy that is created through the interaction of civic groups with public officials.

Elite Theory: This theory suggests that policy is made by a small group of elites who hold the most power and influence in society.

Group Theory: This theory suggests that policy is made by groups of individuals who share common interests and who have the power to influence policy outcomes.

Political Systems Theory and Institutionalism: These theories view public policy as a product of the interaction between political institutions, interest groups, and the broader political environment.

Incremental Theory: This theory suggests that policy change occurs gradually over time and is the result of small adjustments to existing policies.

When conducting public policy analysis, it is important to account for the complexity of policymaking and to identify a policy problem and solution while considering the audience. By using theoretical approaches to study public policy, it is possible to find practical solutions to any social, economic, or political problem. To see how the effect/impact of the government's policy of increasing the price of subsidized fuel oil (BBM) on public transportation/city transportation in the city of Medan. the researcher interviewed one of the public/city transportation companies in the city of Medan, namely PT Rahayu Medan Ceria (RMC). PT Rahayu Medan Ceria or RMC was founded in 1988 by Drs. Mont Gomery Munthe Together with his family with several vehicles around 375 units at the beginning of pioneering this service. The route owned by PT. Rahayu Medan Ceria itself consists of numbers 103, 104, 121 and 120. The business fields run by PT. Rahayu Medan Ceria is providing transportation services for the people of North Sumatra. Then the head office of PT. Medan Rahayu Ceria is in the Setiabudi Center Complex block. B No. 12, Jl. Faithful mind, Medan Struggle, Tunggal, Tanjung Rejo, Medan Sunggal, Medan City.

The city transportation company Rahayu Medan Ceria or commonly abbreviated as PT. RMC has progressed and improved in terms of the physicality of city transportation, which can be seen from the past. RMC city transportation and others used mini-truck-like vehicles where the passenger doors were separated from the back of the body from where the driver worked, then changed to city transportation-like minibuses that accommodated fewer people. from now on, and now city transportation uses better vehicles with more spacious capacity, namely side door minibuses. Then, apart from PT. Rahayu Medan Ceria, a public transportation/city transportation company in the other city of Medan is the Medan Public Transportation...
Furthermore, related to the government's policy of increasing the price of subsidized fuel oil, the response from PT. RMC as one of the city transportation service providers in Medan, said that they disagree with this government policy. But according to them, with this policy in place, they eventually must adjust to the policy, such as they must increase deposits, increase the fare/fee price, where per relay that is 10 KM, the fare/fee price per passenger per relay increases to Rp. 6,500 per passenger. Then, as for the effect/impact of this policy on city transportation in Medan, especially city transportation from PT. RMC is the effect/impact they say the impact is not too heavy/the same, because they also increase the price of tariffs/fees when fuel goes up. Unless they say that if they don't increase the price of the fee, the impact they will face is quite heavy/big, because if the fuel goes up, according to them the price of spare parts will also go up, then, the cost of petrol/fuel spent will also go up. According to them, the impact will be very large if the fuel price rises, but the fare price does not increase too. However, because they increased the price of tariffs, they said the impact was the same, there was no serious impact.

Then in terms of the number of passengers, according to PT. RMC, the number of passengers remains stable even though fuel prices have increased, because according to them, this city transportation is really needed or needed by the community. So even though the price of fuel goes up, according to them the number of passengers remains the same/stable. Then, there are expectations from PT. RMC as a city company in the city of Medan is that they will still follow what is ordered by the government / they adjust to the government, if the government increases fuel prices again, they will also increase the price of fares / tariffs, but if the government, for example, lowers fuel prices, they will also reduce the price of fare / fare per passenger. So, they adjust to the government alone. They also said that if the fuel price goes up, passengers will be lazy to take the transportation City, because if the fuel price goes up, the fare will also go up.

However, because this City transport is also part of the needs of the community, people like it or not want to continue to take angkot even though the fare is increased, so according to them the impact on the number of passengers, the number of passengers remains stable. In essence, the parties from PT. The RMC themselves said that they disagreed with the government's policy of increasing subsidized fuel, because according to them the impact/ effect of this increase in fuel was not only causing rising costs, but also increasing/more expensive spare parts prices. Thus, they also hope that the government will not increase fuel prices again, because they do not agree with the government's policy of increasing subsidized fuel prices. Statement from PT. This RMC is also in accordance with the statement of the Medan Organda. According to the Chairman of Organda Medan City, Mont Gomery Munthe, the increase in public transportation fares is in accordance with the presentation of the increase in fuel prices, where his party will increase the public transportation fare to IDR 6,500 per relay (Fai,2022).

In addition to interviewing one of the city transportation companies in the city of Medan, the researchers also conducted interviews with one of the 103 public transportation drivers in the city of Medan, namely Mr. Jasmani Sembiring Kembaren. City Transport 103 is one of the public transportations under the auspices of PT. RMC. The City transport driver, said that he did not agree with the increase in fuel prices, because according to him, an increase in fuel prices would have an impact on Angkot drivers, such as the amount deposited would increase, the price of spare parts would also increase/get more expensive. Then, the father, as the city transport driver, also said that he also came home longer because he was chasing a deposit. So, the father did not agree with the government policy. Then, the father said that with the increase in fuel prices, the father felt a heavy impact from the increase in subsidized fuel, such as having to catch up on money/chasing deposits, because the toke (owner of the city transport) also increased the deposit, so the father as a city transport driver had to also catch up. deposit to fulfill the request of the toke (public transportation owner).

So according to the father, he felt a heavy impact because the price of subsidized fuel went up. So according to the father, the price of fuel goes up, the deposit amount that must be deposited also goes up. Then, the expectation of the public transportation driver related to the government policy is that the policy needs to be reviewed/needs to be evaluated again by the government because the policy is less prosperous for City transport drivers, so it needs to be reviewed/evaluated again by the government so as not to burden the City transport drivers.
And finally, according to researchers as part of the community, and as people who often use public transportation services (City transport), researchers respond that researchers also disagree with this policy of increasing subsidized fuel. The reason is that if the fuel price goes up, the money/cost that must be spent or paid to the bus driver also increases. But fortunately, the Medan city government provides subsidies for 900 city transportation vehicles in Medan. The subsidy comes from sources of funds from the Regional Revenue and Expenditure Budget through the General Allocation Fund and Revenue Sharing Fund which have been allocated by the Medan City Government by 5.6 percent. The budget is intended to deal with the impact of adjustments to the increase in the price of fuel oil. The form of the subsidy is that passengers get a subsidy of Rp. 1,500, if they board a City transport hat, has a sticker containing a special barcode attached. So, passengers only need to pay the old fare, which is IDR 5,000 (Hayati, 2022). With the subsidy provided by the Medan City Government, the community, especially researchers, feel greatly helped by this subsidy. Researchers also saw and observed that even though the price of fares/fares increased, the public’s interest in taking public transportation remained high, because city transportation is one of the needs of the community when traveling, and public transportation is cheap/pocket friendly. So even though fuel prices have gone up and fare prices have also gone up, according to researchers, the interest of passengers to take public transportation remains high. However, researchers as part of society do not agree with the government’s policy of increasing subsidized fuel prices.

4. Conclusion

The increase in fuel prices that occurred in Indonesia some time ago has indeed had a very significant impact on various economic sectors in Indonesia. One of the sectors that have most clearly received the impact of the increase in fuel oil is the transportation sector, namely public transport. Researchers focused this research on urban transportation in the city of Medan. In the city of Medan itself, public transportation has become one of the modes of transportation that people are interested in because the fare is relatively cheap. However, the increase in fuel prices does not only affect transport drivers but also their passengers.

The conclusions that researchers get from this study are: First, even though there is an increase in fuel prices, the public transportation companies are not too significantly affected because fuel prices will be adjusted according to the public transportation fares. Second, the increase in public transportation fares in the city of Medan itself has increased from Rp. 5,000 to Rp. 6,500 per relay. Third, the community is the party that suffers the most from this increase in fuel prices because it affects fuel prices. Even so, there are still many people who still use Angkot for their daily transportation. Fourth, the Medan City Government does not remain silent in seeing the people affected by the increase in fuel prices and public transportation fares. From the sources we found, the Medan city government has prepared a budget to be allocated in tackling this increase in fuel prices. The Medan City Government has budgeted Rp. 1,500 for each person so passengers only need to pay the old fare, which is Rp. 5,000. This budget is allocated for 900 public transportation services in Medan City, and the allocated public transportation is marked using a barcode sticker.

References