

**CHAPER III**

**THE DOMESTIC POLITICAL SYSTEM FACTORS THAT INFLUENCE  
INDONESIA UNDER JOKO WIDODO ADMINISTRATION  
CHANGING POLICY**

In 2015 President Joko Widodo has officially removed the fuel oil subsidies to save more national state budget. This action was taken under various consideration in which it aimed to save Indonesia's economic that has currently been deficit. Reflecting to President Joko Widodo action, the writer will investigate the reasons behind the changing policy action through the concept of decision making process by David Easton and the concept of international regime by Arild Underdal. This chapter will concern on those concepts above to measure the political system. Which is the 4 groups of decision making factors and the level of effectiveness.

**A. Political System Process**

David Easton (1957) in his book of World Politics explains about some types of decision makers involving the government, political party, interest group, parliament, bureaucracy, jurisdiction and other actors. He says that those actors have role play in political system of a state, but every state has different kind of political system such as Indonesia with the presidential system. Indonesia

presidential system began since 1945 but it has not been constant, it had changed time to time and now back again to the original form which is presidential system.

Furthermore, Indonesia also adheres the idea of *Trias Politica* by Montesquieu. Montesquieu explained that there are three organs in government such as legislature or law making powers, executive or law enforcement function and judiciary or adjudication (Separation of Power). Those organs are separated and have their own power without being combined each other to secure the people liberty.<sup>49</sup> Indonesia also applies the idea of *Trias Politica* but in another way, if Montesquieu interpret it as the separation of power or some organs which stand separately and will be harmful if it is combined, then Indonesia interpret it as the division of power or some organs which interconnected each other.<sup>50</sup>

*Trias Politica* in Indonesia has been mentioned in Constitution of the Republic Indonesia Preamble 1945 such as:<sup>51</sup>

1. Function executive in Chapter III article 4 clause 1

President Republic Indonesia held the government authority based on constitution.

2. Function legislature in Chapter VII article 20 clause 1

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<sup>49</sup> K.K, G. (n.d.). *Separation of Powers: What is the Theory of Separation of Powers?* Retrieved July 22, 2017, from Your Article Library: <http://www.yourarticlelibrary.com/constitution/separation-of-powers-what-is-the-theory-of-separation-of-powers/40336/>

<sup>50</sup> Budiarjo, M. (1992). *Dasar Dasar Ilmu Politik*. Jakarta: Gramedia Pustaka Utama.

<sup>51</sup> Nasri, K. (2014, November 25). TRIAS POLITICA. Retrieved July 18, 2017, from <http://khairunnasri2.blogspot.co.id/2014/11/trias-politica.html>

House of Representative (DPR) held the authority in making law.

3. Function judiciary in Chapter IX article 24 clause 1

Judicial Authority is the independent power to organize justice to uphold law and justice.

From the point above showed that those three organs are the actors in the process of Indonesia political system. They are President, House of Representative (DPR) and Judiciary Authority. They have their own tasks but they are still interconnected each other. In changing a policy or law, President has the role to implement, propose and set it. House of Representative (DPR) has the role to propose/set and ratify then Judiciary Authority is responsible to oversee the policy.

In the case of President Joko Widodo's changing fuel oil policy, the policy was proposed by President Joko Widodo. He proposed to change the policy in order to save the economy of Indonesia and navigate to maintain price stability, help the poor and maintain the purchasing power of people, increase productivity and maintain the availability of supplies at reasonable prices and Improve the competitiveness of production and access to capital small businesses (UMKM).

The process of political system through plenary meetings by DPR (house of representative) which discussed the Government's policy of raising fuel oil prices and eliminate subsidies on fuel oil. Based on the results of the voting on June 17, 2014 the pro RAPBN-P 2013 was 338 votes that make a clear win. While the cons were 181 votes. In the procedure of determining how policy applied, the pro vote

should be more than 50% votes. Thus 338 votes or around 65% from the total member's votes. By this the policy of raising the price of fuel oil and follow the fluctuation of oil price will be applied.<sup>52</sup>

After the policy of raising fuel oil price and eliminating subsidies on fuel oil applied, the policy should get the approval from the House of Representative (DPR) as the holder of budget rights to set the budget income and expenditure the country/area, to make a draft for setting the budget of national state budget. House of Representative (DPR) budget agency report the results of the deliberations of the drafting of the preliminary talks fiscal RAPBN in 2016 presented in the House of Representative (DPR) Plenary meeting on 7 July 2015 by DPR budget Chairman Ir. H. Ahmadi Noor Supit.<sup>53</sup>

The government and the House of Representative (DPR) committed to achieve economic growth and to reduce some of the budget which is considered as a burden for the state budget. Eliminate the subsidy of solar and following the price of premium fuel oil. The targets and objectives of the planned development is the embodiment of the vision of the President, which are intended for the prosperity of the people. In 2016, the technocratic RAPBN planned more realistically, both in the

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<sup>52</sup> Dahrum, M. (2017, April 30). AkhirCerita Pro-Kontra Drama Politik BBM. Retrieved from Era Muslim Media Web site: <https://www.eraislam.com/suara-kita/suara-pembaca/akhir-cerita-pro-kontra-drama-politik-bbm.htm>

<sup>53</sup> Dewan Perwakilan Rakyat Republik Indonesia. (2015). *Laporan Badan Anggaran DPR RI Mengenai Hasil Pembahasan Pembicaraan Pendahuluan Penyusunan RAPBN Tahun Anggaran 2016*

basic macroeconomic assumptions, target State income and expenditures of the State.

The explanation above shows that two of *Trias Politica* organs have been running well such as the fact that president has proposed and implement the policy, then the House of Representative (DPR) has already ratified the policy with some considerations. The Judiciary Authority's job is still going on which is to oversee the policy that has been implemented. Meanwhile, the explanation above is also to prove the hypothesis point 1, President Joko Widodo tries to maintain the stability of national economy in Indonesia by decreasing fuel oil subsidy and follow the fluctuation of the oil price.

## **B. Output of Political System**

Output is the result of the political system which already passes the proses of ratifying by House of Representative (DPR). Consists of value, as the result of a process in forms of decisions, policies, or actions. It is also a solution of the Government against a problem in society.<sup>54</sup>

Regarding the idea of President Joko Widodo to protect national state budget, House of Representative (DPR) was considered many things to find the solution.

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<sup>54</sup> Easton, D. (1957). An Approach to the Analysis of Political System. In D. Easton, *World Politics*. Cambridge University Press.

According to the data, fuel oil subsidy consumes around Rp.276, 0 trillion or about 10% from state budget expenditure. The budget for subsidy itself is Rp414, 7 trillion from Rp2039, 5 trillion state expenditure it makes subsidy fuel oil become the largest consume in subsidy budget. President Joko Widodo said that about 71% fuel oil consumer mostly from the rich people, it makes the purpose of subsidy itself become wrong target.<sup>55</sup>

Subsidy for fuel oil should be decreased for diesel and kerosene. Then for premium will follow the fluctuation of world oil price. Through this action, Indonesia can save more for national state budget and can use it for other state expenditure. House of Representative (DPR) decided to ratify the policy for better economic condition. The policy including to decrease fuel oil subsidy for diesel and kerosene and premium gasoline price in Indonesia and will be adjust to fluctuation world oil price.

### **C. Domestic Environment of Joko Widodo Changing Policy**

Domestic environment in political system has important role in deciding the policy that will be produced. In this case, domestic environment are the political

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<sup>55</sup> Prihandoko. (2014, November 4). *Jokowi: Subsidi BBM bebani Anggaran Negara*. Retrieved from TEMPO.CO: <https://m.tempo.co/read/news/2014/11/04/090619476/jokowi-subsidi-bbm-bebani-anggaran-negara>

parties in House of Representative (DPR). The political parties have enough power in changing approving the policy such as mentioned in House of Representative (DPR)'s website that the decision will be taken by the majority vote. This means that vote from political parties determine the approval or declined a policy.<sup>56</sup>

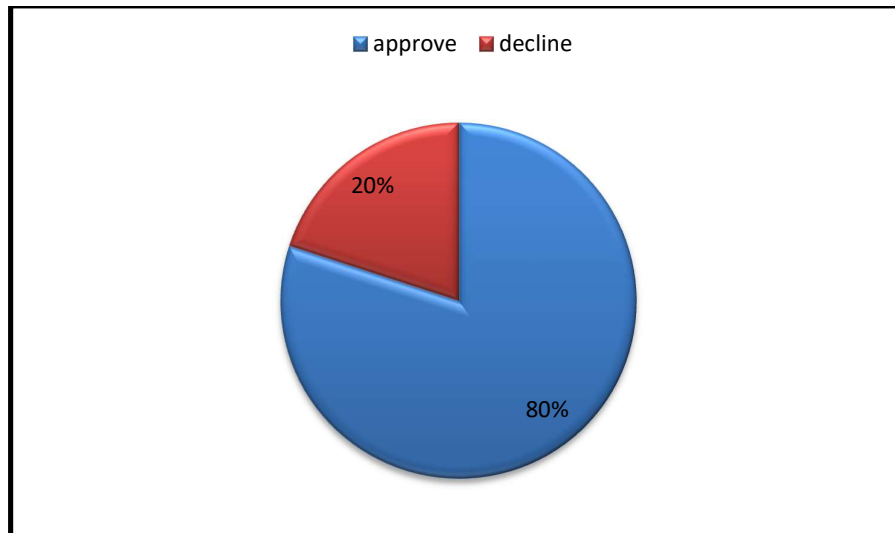
Indonesia is currently experiencing problems regarding rising fuel prices due to the higher demand in fuel oil rather than the supply. The rise in the price of fuel oil in Indonesia has occurred by rising world oil prices. It makes the Government unable to sell fuel oil to the society at a price equal to the previous price before. The reason is because the government applied the policy of reduction subsidies fuel oil and follow fluctuation oil price.

Based on the data, there are 10 political parties in House of Representative (DPR), in the vote of the policy concerning reducing subsidies fuel oil and following the fluctuation of oil price showed that most of political parties have approved the policy, the contradiction will be shown in the following diagram:

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<sup>56</sup> Easton, D. (1957). An Approach to the Analysis of Political System. In D. Easton, *World Politics*. Cambridge University Press.

Figure 3.1: The political parties vote about reducing subsidies fuel oil and follow the fluctuation of world oil price



Source: Diagram made by the writer from the data in [ekonomi.kompas.com](http://ekonomi.kompas.com)<sup>57</sup>

From the result above, the policy must be applied even though it is applied. There are some actors who refuses such policies from the opposition such as from the factions of the Gerindra and the faction from of the PKS that resist the Elimination of fuel subsidies and apply for premium subsidies remain for diesel fuel types. While from faction PAN asked that a subsidy granted can be more productive and asked the Government for more transparent. So there is no denial of the PAN faction.<sup>58</sup>

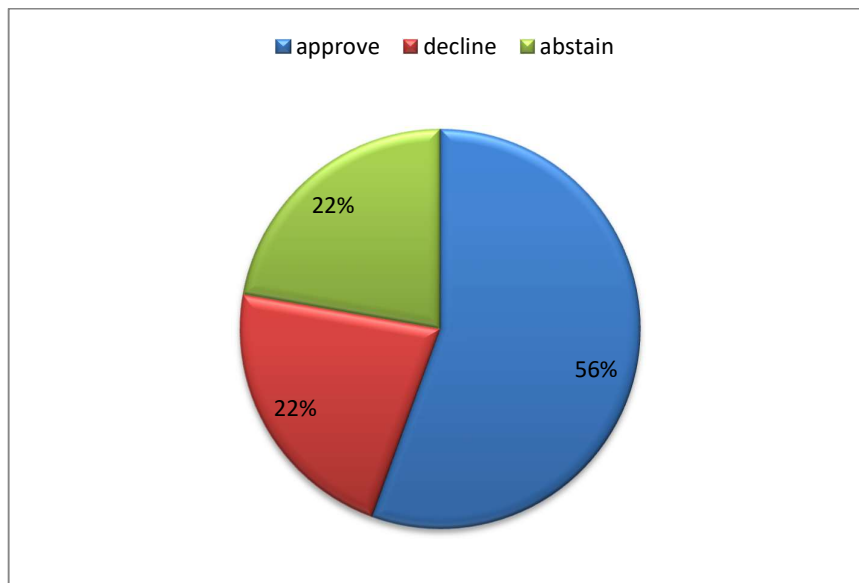
<sup>57</sup><http://ekonomi.kompas.com/read/2015/02/15/1303002/Gerindra.dan.PKS.Tolak.Penghapusan.Subsidi.BBM.Ini.Tanggapan.Pemerintah>

<sup>58</sup><http://bisniskeuangan.kompas.com/read/2015/02/13/205921226/Sampai.Paripurna.Gerindra.dan.PKS.Masih.Tolak.Penghapusan.Subsidi.BBM>



Meanwhile the final result is a bit different from their reaction before when the policy was still a planning. This is the reaction when the policy still an idea:

*Figure 3.2: The political parties reaction about reducing subsidies fuel oil and follow the fluctuation of world oil price before*



*Source: Tanggapan fraksi-fraksi politik terhadap proposal APBN 2015<sup>59</sup>*

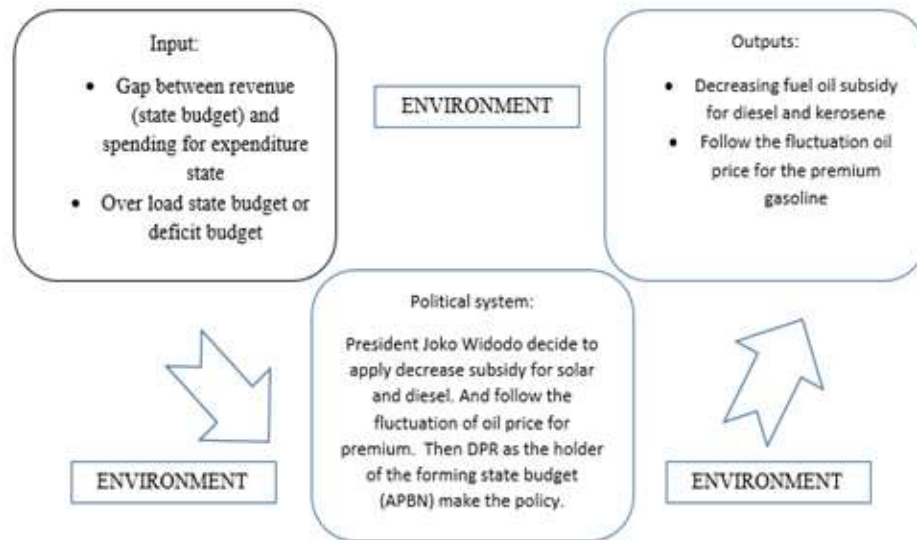
Even though there is a bit difference between the diagram above, if we take a look to the vote for approving it shows that the policy must be ratified. It can have

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<sup>59</sup> International Institute for Sustainable Development. (2014, September). Briefing Subsidi Energi Indonesia. Sebuah kajian dwi-bulanan tentang kebijakan subsidi energi, p. 4.

concluded that the majority of political parties approved with the President Joko Widodo idea.

*Figure 3.3: Implementation of the Decision Making Process Model*



*Source: Easton, D. (1957). An Approach to the Analysis of Political System. In D. Easton, World Politics. Cambridge University Press. Implemented by the writer.*

The figure explains that President Joko Widodo decided to apply decreasing subsidy for solar and diesel and follow the fluctuation of oil price for premium, because of gap between National State Budget and spending for expenditure state. Fuel oil subsidy consume Rp276, 0 trillion or about 10% from state budget expenditure. The budget for subsidy itself is Rp414, 7 trillion from Rp2039, 5 trillion state expenditure, it makes subsidy fuel oil the largest consumption in the subsidy budget. Then policy should get the approval from the House of

Representative as the holder of Budget rights to set the budget income and expenditure the country/area, to make a draft for setting the budget of national state budget.

Even though it is applied, in parliament there is an actor who refuses such policies from the opposition political parties, such as Gerindra party and the faction from of the PKS party that resist the Elimination of fuel subsidies and apply for premium subsidies remain for diesel fuel types. While from faction PAN party asked that a subsidy granted can be more productive and the Government to be more transparent.<sup>60</sup>

The process policy applied through plenary meetings which discussed the Government's policy of raising fuel oil prices and eliminate subsidies on fuel oil policy. Based on the results of the voting on June 17, 2014 the pro State Budget Plan 2013 was 338 votes that make a clear win. While the cons 181 votes. In the procedure of determining how policy applied the pro vote should be more than 50% votes. Thus 338 votes or around 65% from the total member's votes. So that the

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<sup>60</sup>Suyowati, E. (2015, February 13). SampaiParipurna, Gerindra dan PKS Masih Tolak Penghapusan Subsidi BBM. Retrieved from KOMPAS.com Web site: <http://bisniskeuangan.kompas.com/read/2015/02/13/205921226/Sampai.Paripurna.Gerindra.dan.PKS.Masih.Tolak.Penghapusan.Subsidi.BBM>.

policy of raising the price of fuel oil and follow the fluctuation of oil price will be applied.<sup>61</sup>

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<sup>61</sup>Dahrum, M. (2017, April 30). AkhirCerita Pro-Kontra Drama Politik BBM. Retrieved from Era Muslim Media Web site: <https://www.eramuslim.com/suara-kita/suara-pembaca/akhir-cerita-pro-kontra-drama-politik-bbm.htm>