

The Government's Response to the Rampant Illegal Levies in the Lhokseumawe City Inpres Market

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ABSTRACT

This study examines the government's response to the rampant illegal levies in the Lhokseumawe City Inpres market accompanied by extortion by Haria against the traders. Every day the traders claim to be extorted by Haria Peukan for IDR 50,000 to 100,000 and if they refuse to pay, they are threatened with eviction. The focus of this research is the government's response to the rampant illegal levies and the factors causing this action in the Lhokseumawe City Inpres market. To answer the above problems, the theories used were the ones related to government, illegal levies and markets. This research used qualitative descriptive research method accompanied by interviews as the main data collection technique. In addition, observations and documentation were also conducted to gather the data. This study aims to show and obtain evidence related to the existence of illegal levies in the Lhokseumawe City Inpres market and the practice of illegal levies carried out by certain elements, resulting in the government not being aware of the problems faced by traders in the Lhokseumawe City Inpres market. Based on the results of the research, it is found that illegal levies have occurred in the Lhokseumawe City Inpres market and this illegal practice carried out by certain elements is still under investigation, especially by Department of Industry, Trade, and Cooperatives. The rise of illegal levies is due to ineffective supervision by the authorities. This is allegedly because the Lhokseumawe City Government through Department of Industry, Trade, and Cooperatives uses the services of Haria Peukan as the third party in quoting market fees, thus making the government not aware of the problems faced by Lhokseumawe City Inpres market traders.

Keywords: government response and illegal levies.

1. INTRODUCTION

Market is the center of economic activities of society at every level where buying and selling transaction take place. Market has different models and types, depending on the designation based on its characteristics as a shopping center such as traditional markets, plazas to super malls. Markets in Indonesia are usually dominated by traditional markets. This type of market plays a role in improving the economy in the region; therefore regulations on market mechanisms should exist to make sure that the activities can run well and in harmony so that people prosperity can be realized.

The role of the government is vital in realizing welfare of the community. Welfare is one of the important aspects in people's lives. A prosperous society not only reduces the burden on the state but can also increase the nation's competitiveness in the

economic sector. The level of the country's economy is very dependent on the progress of each region, and the economy of each region is also greatly influenced by the existence of the market as one of the economic pillars in the region. Market services then become an absolute factor that needs to be considered for the sustainability of the market for every level of society.

The Lhokseumawe City Government has issued Qanun Number 4 of 2016 concerning market service retribution, stating that class tariff structure based on the type of facility consisting of platforms, stalls, kiosks and the area of the location used. With the issuance of the qanun in addition to providing legal certainty for existing market players, it can also increase local revenue. Regional original income is income earned by the region, which is collected based on regional regulations in accordance with statutory regulations. In carrying out the market retribution

acceptance system, there must be adequate internal control so that the implementation of billing and depositing can be controlled properly.

The market levy collection and deposit system is implemented at the Lhokseumawe City Cooperatives and MSME Trade Industry Office through the market service sector as the authorized party to carry out Inpres market services in Lhokseumawe City. The market service sector has a very important role considering that its main duties and functions as an organizing body depend on the implementation of regulations determined by the regional government, whose operations can be adapted to existing market conditions.

The market service mechanism can be a goal-directed implementation system, besides that it can provide good services and arrangements for the community using the Inpres market service. The importance of implementing market services is basically intended to keep the activities in a market management system as determined. In addition, this service is intended to control and strengthen services in managing the Inpres market.

The existence of the Inpres market indirectly provides an alternative choice for the lower middle class community in meeting their daily needs. The Inpres market consists of a group of traders of various household needs at a certain place and time, where people can buy the goods needed at affordable prices. Lhokseumawe Inpres Market is one of the traditional markets in Lhokseumawe City. This market operates daily from 06.00-13.00 PM providing various types of goods from food to clothing.

However, the implementation of Qanun Number 4 of 2016 in Inpres market was allegedly not in line with expectations, due to allegations of illegal levies to traders accompanied by extortion carried out by *Haria* elements against Inpres market traders. The traders admitted that they were extorted for IDR 50,000 to IDR 100,000 and if they refused to pay, they were threatened with eviction.

This condition has happened since 2019. Hundreds of Lhokseumawe Inpres market traders who are members of the United Merchants Solidarity (*Solidaritas Pedagang Bersatu - SPB*) together with the Student Solidarity for the People (*Solidaritas Mahasiswa untuk Rakyat - SMUR*) once held a demonstration at the Lhokseumawe Mayor's Office, to report and voice their resistance due to the increasingly uncontrolled behavior of *Haria Peukan* and at the same time urging the Lhokseumawe City government to immediately take actions to stop the illegal levies.

2. LITERATURE REVIEW

2.1 Government

The government is an institution authorized to process public services and is obliged to process civil

services for everyone through government relations, so that every member of the community receives services when needed in accordance with existing guidelines. Government is a person, agency or apparatus that issues or gives orders. The government in this case is all state equipment or state institutions that function as tools to achieve goals.

[1] said the regional head is expected to cooperate with the Regional People's Representative Council (*Dewan Perwakilan Rakyat Daerah - DPRD*) so that orderly governance in the region can run, thus DPRD is an element of regional government. Regional heads lead in the executive field while DPRD is engaged in legislative field. When the Indonesian state government was established, many institutions (organizations) were formed, so that the assumption arose that everything that was done by an institution called the government was legal and legitimate and the results were government products.

Furthermore, [1] states that there are three kinds of essential functions of government:

1. Development

Development aims to improve the quality of people life. To achieve this goal, development needs to be implemented into various programs that can directly give impact the community.

2. Service

In the field of government, the issue of service is no less important, in fact its role is even greater because it involves the public interest organized by the government involving all civil servants. It is increasingly felt that with the increasing awareness of the state and society, the service has increased its position in the eyes of the community into a right, namely the right to get excellent service. Services consist of 4 (four) main elements, namely:

- 1) The cost should be relatively cheaper
- 2) The time to work is relatively fast
- 3) The quality provided is relatively better
- 4) Friendly, polite and professional

3. Empowerment

Empowerment is the provision of rights or opportunities for the community to express and fight for their aspirations or determine their future. Empowerment must be continuous, comprehensive and simultaneous, until the threshold of a dynamic balance between the government and the governed achieved. In this connection, various empowerment programs are needed:

1) Political empowerment

The government aims to improve the bargaining position of the community against the government. Through the bargaining position, the community gets their rights in the form of goods, services and care, without harming others.

2) Empowerment of political economy

It is intended as an effort to improve the ability of the community as consumers to function as bearers of the negative impacts of growth, payers of the risk

of mismanagement, bearers of development burdens, scapegoats for program failures, and sufferers of environmental damage.

3) Empowerment of socio-cultural politics

It aims to improve human resource capacity through human investment, in order to increase human value, and encourage the fair use and treatment of humans

4) Environmental political empowerment

Intended as a program of environmental care and preservation, so that there is a mutually beneficial relationship between humans and their environment.

2.2 Illegal Levies

According to [2] Illegal levies or commonly abbreviated as “*pungli*” in Indonesian can be interpreted as levies carried out by and for the personal interests of officers who are illegal or violate the rules. Extortion is a form of abuse of authority with the aim of facilitating business or fulfilling the interests of the party paying the levy. Therefore it can be concluded that extortion involves two or more parties, be it service users or unscrupulous officers who usually make direct contact to carry out secret or overt transactions, where in general extortion that occurs in the field is carried out briefly and usually in the form of money.

Everyone can commit extortion, including state and private officials, where there are factors that encourage and provide opportunities for the practice of illegal levies, such as convoluted bureaucracy, fundraising that is not protected by law or regulations, a system that is not protected by law or regulation, not “open management”, uncontrolled authority and self-interest motivation to enrich oneself. One of the biggest sources of problems that often occur in the practice of extortion lies in the supervision and responsibility for the implementation of development as well as the regulation of the rights and obligations of state institutions in managing individual interests and the interests of the community.

Illegal levies are a form of crime that is very familiar to the public. Although actually in the Criminal Code (KUHP) there is not a single article on illegal levies, basically, illegal levies and corruption are the same act where both acts use power for the purpose of enriching the perpetrators by violating the law.

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[3] said that in 2016 Presidential Regulation Number 87 of 2016 was issued regarding the unit to thoroughly eradicate illegal levies, and was supported by the issuance of a circular letter from the Minister of Administrative Reform Bureaucratic Reform Number 5 of 2016 concerning the eradication of illegal levies in the implementation of duties and functions of government agencies. According to the view of the formation of the law, a rule is made to protect the interests of individuals and society. With the issuance of Presidential Regulation Number 87 of 2016 it is hoped that it can eradicate extortion that often occur in the community, especially for state apparatus officials in serving the community.

[3] also mentioned that the success of eradicating extortion which is included in the category of corruption will have a broad positive impact on the people, nation and state, because the practice of extortion shows an act that is corrupt, rotten, and depraved, dishonest that is related to finances. . In this case, the Prosecutor's Office is one of the state institutions that has the authority to conduct investigations regarding the presence or absence of criminal acts and resolve cases of illegal levies carried out by state apparatus officials in order to create public security and comfort.

2.3 The concept of market

The market is a place or process of interaction between the buyer's demand and the seller's supply of a particular good or service, so that finally it can determine the equilibrium price (market price) and the amount traded. So every process that brings together buyers and sellers, it will form an agreed price between buyers and sellers. According to [4], there are several types of markets:

1) Modern Market

Modern markets are markets built by the government, private sector or cooperatives in the form of malls, supermarkets, department stores, and shopping centers whose management is carried out in a modern way and prioritizes service and shopping convenience with management in one hand with strong capital and equipped with a fixed price tag.

Characteristics of modern markets:

1. Buyers and sellers do not meet face to face
2. Buyers find their own needs (not served)
3. The buyer pays at the cashier
4. No bargaining
5. Payment can be made by cash or card

2) Traditional market

[5] stated that traditional markets are places where sellers and buyers meet and are marked by direct buyer-seller transactions and usually there is a bargaining process. Buildings usually consist of kiosks or outlets, stalls and open grounds opened by sellers or a market manager. Most sell daily necessities such as food ingredients in the form of fish, fruit, vegetables, eggs, meat, clothing, electronic goods, services and others. In addition, there are also those who sell cakes and other goods. Markets like this are still commonly found in Indonesia, and are generally located near residential areas to make it easier for buyers to reach the market.

4. RESEARCH METHOD

The approach used in this research was qualitative. The data obtained is qualitative data so that the method used was a qualitative method. Research using qualitative research is intended to obtain an in-depth and comprehensive picture of the problem under study. [6] said that qualitative research method is a research method that does not rely on evidence based on mathematical logic, the principle of numbers, or statistical methods. Actual speech, gestures, and other social actions are the raw material for qualitative analysis.

According to [7], data sources greatly affect the quality of research results. Data sources are divided into two types and those were used in this study:

1. Primary data

Primary data is data obtained directly from the research object of individuals, groups and organizations. In this study, the primary data used were related to field data such as interviews, and direct observations.

2. Secondary data

Secondary data is data obtained in a ready-made form (available) through publications and information issued in various organizations or companies. The secondary data used in this study were taken from various relevant laws and regulations, books, journals, online information and other library sources.

Data sources were determined using purposive sampling with certain considerations to be able to provide maximum data, while for the community the data was determined using incidental sampling, where data sources determined by chance and considered suitable as data sources.

This study used an interactive analysis model that includes four stages as follows:

1) Data collection

Data collection is an effort made to find and collect data that is considered relevant to the title in this study in the form of documents, archives and information from resource persons.

2) Data Reduction

Data reduction was a step taken after collecting data and entering it into research writing that is considered appropriate and relevant. Then the data obtained from the research location was written in a complete and detailed description.

3) Data verification

Data verification is finding a match between the data and the reality in the field from the research process. Data verification in this qualitative research was carried out continuously throughout the research process.

4) Conclusion drawing

Conclusions were drawn based on the results of observations, interviews, and documentation which were then stated in conclusions that are still tentative, but with increasing data through continuous verification, grounded conclusions were obtained. In other words, every conclusion is always verified during the research that involves the researchers' interpretation.

5. RESULT AND DISCUSSION

5.1 The Government's Response to the Rise of Illegal Fees in the Lhokseumawe City Inpres Market

Based on the results of this study, it is found out that the existence of the Inpres market provided by the Lhokseumawe City government for traders has a significant effect on the welfare of traders. This indicates that the location of the Inpres market in Lhokseumawe City is very strategic and easily accessible by the public because transportation to the Inpres market location is easy to access, thus the Inpres market is always crowded with buyers so that the income of traders automatically increases and the welfare of traders can be achieved.

In regard with the rampant illegal levies that take place in the Inpres market in Lhokseumawe City, the government should take actions as illegal levies is a big issue for traders. The city government has a very important role in addressing this issue. Role is a person's ability to position themselves according to space and time and understand their duties and

responsibilities, therefore a leader must know and be able to play his/her role as a leader in an area and make sure that the better economy and welfare of the people of Lhokseumawe City can be realized.

The Lhokseumawe City Government through the Department of Industry, Trade and Cooperatives (Disperindagkop) uses the services of a third party in collecting market fees, through *Haria Peukan*, thus making the government unaware of the problems faced by Lhokseumawe City Inpres market traders. Some of *Haria's* officers did their job not accordingly. *Haria* was directly assigned by Disperindagkop to collect market retribution money, but on the other hand *Harias* used their position for personal gain. The Lhokseumawe City Government and the head of the Department of Industry, Trade and Cooperatives have taken action and carried out direct investigations into the Inpres market after traders demonstrated at the Lhokseumawe Mayor's office, but they did not get any evidence of illegal collection by *Haria Peukan*.

In fact, street vendors who do not have official stalls have asked *Haria* of Inpres market to rent out illegal stalls to street vendors, such as above ditches or road bodies. *Haria* is also the one who illegally collects fees from street vendors every day with varying amounts even though the traders have given stalls rent but *Haria* continues to ask for daily fee. If traders don't give them, their stuff can be damaged and they can even lose stalls.

The government and the Department of Industry, Trade and Cooperatives have observed the Inpres market, saying that there are no illegal levies, while the traders confirmed that the action took place in the market. The Police have conducted a direct investigation related to this but they did not get evidence of illegal levies carried out by *Haria Peukan* so the case was dismissed. The researchers have conducted research in the market and it proved that there were illegal levies carried out by *Haria Peukan* at the Inpres market in Lhokseumawe City, however, the process to find illegal levies carried out by certain elements has been stopped because there is not enough evidence.

Attempts to conduct interviews with the Lhokseumawe DPRK in order to clarify these conditions could not be realized, it was allegedly because the Lhokseumawe DPRK did not want to be interviewed and seemed to ignore this problem, so that its supervisory function of the executive was not carried out properly.

The government is considered not to care much about the Inpres market problem, even though the rampant cases of illegal levies are also detrimental to the government and not only traders. The government seems to be neglecting the condition of traders who can only follow what is suggested by *Haria Peukan*. The Lhokseumawe City Government must respond quickly to complaints made by traders

to suppress the potential for illegal levies. The real step that can be taken is to explore each illegal levy act by conducting a more in-depth investigation to see the involvement of other elements who may participate or be involved in the practice of extortion.

Direct monitoring mechanisms are required when transactions in the market are carried out. Currently there is no direct complaint place in public service spaces which makes it difficult for traders to make direct complaints if they experience problems that arise related to public services. Furthermore, there are still weakness in special regulations regarding illegal levies and the government has not fully focused on one goal for improving facilities for supervisory institutions.

Internal supervision that aims to prevent the practice of extortion is highly expected as the frontline in clearing illegal fees, especially by not trying to cover up or correct the mistakes of people who are proven to be practicing illegal fees. It is hoped that policies can be taken ranging from prevention to prosecution, so that all spaces related to illegal levies can be closed and there is a binding rule for every action related to illegal levies.

Conditions in the field indicate that it is increasingly difficult for traders to distinguish between retribution and illegal levies because the fees are varied every day. For this reason, it is necessary to provide education on behaviors that contribute to subverting the culture of illegal levies, such as the habit of giving money. All efforts must be made by the government in preventing and eradicating illegal levies by conducting various steps such as reforming the administrative system in public services.

The implementation of market retribution will not run well if its implementation is not in accordance with local government policies and applicable regulations in the area. The role of local governments to monitor the potential of the region is very necessary by supporting and advancing its development. The Inpres market is a traditional market that has been operating in Lhokseumawe City for a long time it has the potential to be used to increase Lhokseumawe City's own local revenue (*Pendapatan Asli Daerah -PAD*).

5.2 Factors Causing the Rise of Illegal Fees in the Lhokseumawe City Inpres Market

Illegal levies often occur because of opportunities and weak supervision which are the driving factors for the growth of illegal levies in the public service process. The Lhokseumawe City Inpres market traders often hand over a sum of money because there is no effective supervisory agency. The supervisory process is interpreted as observing the implementation of all activities to ensure that all work is carried out in accordance with what the government wants, but if the supervisory function is not running

optimally, then illegal collection violations and abuse of authority may take place. Traders also often contribute by getting used to giving money without being able to be critical of refusing payments outside of official fees.

Reality proves that illegal levies are a daily phenomenon that is often encountered, as it has become a common thing, even some of the perpetrators consider it a profession. Facts on the ground often show that this has given bad image to Inpres market.

The destruction of morals, democracy, economy and welfare leading to an increasingly rampant corrupt culture is the result of illegal levies. Traders' trust in the government is at its lowest point if this is allowed to thrive. It is undeniable that one day social upheavals will arise which will result in the destruction of the market order because traders' trust in the government has been eroded. As a result, traders will be more inclined to not care about the rules and policies made by the government.

This reality is a separate portrait experienced by the Lhokseumawe City Inpres market. Problems like this will become a common sight. This happens because the market management does not pay attention to the aspects of good management in managing and running a traditional market. Illegal levies involve two or more parties, both service users and officers who usually make direct contact to carry out secret or open transactions, where in general, illegal levies that occur at the field level are carried out briefly and are usually in the form of money.

Illegal levies at the Inpres market carried out by *Haria Peukan* individuals used their positions for personal gain on behalf Disperindagkop and the money that had been collected was never deposited into the regional treasury but went into private pockets. When the traders asked the Disperindagkop, they are not provided with sufficient responses.

Unfavorable service conditions are used by irresponsible people to ask traders for additional money for reasons of convenience, cleanliness and others. Firm action is needed from the government to combat illegal levies by conducting continuous efforts to eradicate illegal levies. The main reason for this illegal levy is the weak control and supervision system by the Lhokseumawe City government.

Efforts are needed to tackle the crime of illegal levies in the Inpres market. There should be effective methods and focus should be given on making a supervisory system that has never existed. Supervision is needed so that there is no more abuse of authority and no intervention from any party.

The practice of illegal levies has basically damaged the life of community. The negative impacts that arise as a result of the practice of illegal levies have led to efforts to carry out eradication in a firm, integrated, effective manner and are able to cause a deterrent effect on the perpetrators.

6. CONCLUSION

Based on the results of the research and discussion, the authors can conclude that the Lhokseumawe City Government in responding to the rampant illegal levies on the Presidential Instruction market through the head of the Industry, Trade and Cooperatives Service has carried out inspections and checks on the market but found no strong evidence of illegal levies on traders in the Inpres market. However, in reality, illegal levies take place carried out by certain elements and this problem is being investigated by related parties, including the Department of Industry, Trade and Cooperatives along with the Police.

The main factor that cause the rampant illegal levies practice in the Lhokseumawe City Inpres market is ineffective supervision in eradicating the rampant illegal levies. The Lhokseumawe City Government through Disperindagkop used the services of a third party called *Haria Peukan* in collecting market fees, thus making the government unaware of the problems faced by Lhokseumawe City Inpres market traders. It is necessary to observe the implementation of all activities to ensure that all work is carried out in accordance with what the government wants. If the supervisory function is not running optimally, illegal collection and abuse of authority will take place.

AUTHORS' CONTRIBUTIONS

All of the authors listed have contribution to this paper.

ACKNOWLEDGMENTS

Thanks are conveyed to the Institute for Research and Community Service (LPPM) Universitas Malikussaleh for funding this research and to the Faculty Social dan Political Sciences Universitas Malikussaleh for the support.

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