



## THE LIVES OF THE SIBOLGA COMMUNITY DURING THE MONETARY CRISIS IN 1998

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### ABSTRACT

*This research aims to reveal the living conditions of the Sibolga community during the monetary crisis that hit Indonesia in 1998. This period also marked a fundamental change from the Suharto regime (new order) to the reformation period. This research seeks to reveal the economic conditions of the community before the monetary crisis, the survival strategies of the community when the monetary crisis hit, and the impact of the crisis on the economy of the Sibolga community. This research uses the historical method with four phases: heuristics, verification, interpretation, and historiography. Information was obtained from interviews, official government documents, newspapers, research reports and books. The results showed that the economic conditions of the Sibolga community during the monetary crisis experienced a decline, while the prices of basic goods continued to increase, so that people could not fulfil their basic needs because people's purchasing power decreased. In this situation, the community of Sibolga tried to find additional work, because they could not rely on just one main job whose results were insufficient for their needs. In addition, the city government also provides staple food assistance and education funding for those who are struggling.*

**Keywords:** Basic goods, community, monetary crisis, Sibolga

## INTRODUCTION

The 1998 monetary crisis was a difficult period that marked a turning point in Indonesia's economic history. During this year, the Indonesian rupiah (Rp) depreciated by more than 70 percent against the US dollar (US\$): 1 US\$ was equivalent to Rp. 14,700. This posed a serious threat to the Indonesian economy, where in mid-1997, the Gross Domestic Product (GDP) contracted from 4.7 percent to minus 13.1 percent in 1998. The situation was further exacerbated by a surge in inflation, which reached 77.6 percent. This situation certainly worsened the national economy, as it shook various sectors and caused economic instability.<sup>1</sup>

The 1998 monetary crisis was also triggered by Indonesia's large foreign private debt, which added pressure to the national economy. The large scale of this debt exacerbated the complexity of national finances and created uncertainty in the value of the Rupiah. The failure of Bank Indonesia (BI) as the central bank to stem the depreciation of the Rupiah forced it to raise interest rates to 70 percent. This policy had a direct impact on the decline in domestic demand, which also weakened the consumption sector. In addition, there was a significant decline in demand for oil and gas exports and consumer goods imports, by 34 percent and 36 percent, respectively. The impact of this high interest rate policy was not only felt in the financial sector but also in the trade sector, which resulted in a weakening of the Indonesian economy.<sup>2</sup>

The impact of the 1998 monetary crisis in Indonesia has caused high inflation. This is marked by a significant increase in the prices of goods and services. High inflation has resulted in domestic goods becoming expensive and reducing the competitiveness of local products in the international market. As a result, people have started to switch to buying cheaper imported goods. This situation led to a decline in exports and an increase in imports. Since import transactions require conversion from domestic currency to foreign currency, demand for foreign currency increased sharply. This increase in demand ultimately weakened the value of the domestic currency further.<sup>3</sup>

The above description shows that the 1998 monetary crisis had a major impact on the lives of Indonesians, with selling prices and consumer demand moving in opposite directions. Market prices continued to rise, causing consumer demand to fall. In addition, high inflation added to the complexity of this economic problem. This crisis was certainly not only felt by people living in big cities such as Jakarta, Surabaya,

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<sup>1</sup> Ely Karmeli and Siti Fatimah, "Krisis Ekonomi Indonesia", *Journal of Indonesian Applied Economic* 2(2), 2008:164–173. <https://doi.org/10.21776/ub.jiae.2008.002.02.3>

<sup>2</sup> Lepi T. Tarmidi, "Krisis Moneter Indonesia: Sebab, Dampak, Peran IMF dan Saran", *Bulletin of Monetary Economics and Banking* 1(4), 1999:1–25. <https://doi.org/10.21098/bemp.v1i4.183>

<sup>3</sup> Nenden Yushinta Puri dan Ima Amaliah, "Pengaruh Inflasi, Suku Bunga, PDB, Nilai Tukar dan Krisis Ekonomi terhadap Neraca Perdagangan Indonesia Periode 1995-2017", *Bandung Conference Series: Economics Studies* 1(1), 2021:9–19.

Makassar, and Medan.<sup>4</sup> People living in small towns such as Sibolga also felt the impact of the crisis in their daily lives.

As a small town on the west coast of North Sumatra, the majority of the people in Sibolga work in the fishing industry, either as fishermen or as fish distributors or traders. These professions are highly dependent on the sea, and most of them have low incomes, so their economy is often classified as lower-middle class. This made it difficult for them to survive during the 1998 monetary crisis, which saw a surge in the prices of basic necessities and fuel. Many fishing families reduced the frequency of their trips to sea, and some even parked their boats because they could not afford the high price of fuel.<sup>5</sup>

The economic instability caused by this crisis has forced people to be more frugal and seek side jobs in order to survive. Some of the efforts made by the community include reducing consumption of secondary goods, searching for cheaper basic goods in villages in the nearest district in Central Tapanuli, and young people from Sibolga have begun to migrate to other areas in the hope of improving their families' economic situation. Based on the above description, this article will answer how the 1998 monetary crisis occurred in Sibolga, what its impact was on the socio-economic life of the community in this city, and to what extent the city government played a role in overcoming the monetary crisis for the people of Sibolga.

## METHOD

This study uses a historical research method divided into five stages, namely: topic selection, heuristics, verification, interpretation, and historiography.<sup>6</sup> In historical research, the data collection and sources required for the study are primary and secondary data sources. Primary data was obtained from interviews with the Sibolga community, as well as from newspapers and official government documents. Meanwhile, secondary data is obtained from compiling information in books, research reports, and theses. After the required data has been collected, the information is then compiled, analyzed, and information that is not connected is reinterpreted by the author. The final stage is to write down the results of this information so that the facts obtained from various data can be arranged chronologically in this article.

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<sup>4</sup> Muhammad Nurul Afif, "Dampak Krisis Perekonomian Masa Orde Baru Bagi Masyarakat Desa Sidomulyo Kecamatan Kebonagung Kabupaten Pacitan Tahun 1998", *Undergraduate thesis*, STKIP PGRI Pacitan, 2022, p. 1. <http://repository.stkippacitan.ac.id/id/eprint/889>

<sup>5</sup> *Ibid.*, p. 27.

<sup>6</sup> Kuntowijoyo, *Pengantar Ilmu Sejarah*, Yogyakarta: Tiara Wacana, 2020, p. 69.

## RESULT AND DISCUSSION

### Life in Sibolga Before the 1998 Monetary Crisis

Sibolga is located on the west coast of North Sumatra with hilly, sloping, and coastal areas. The city is located on the side of Tapan Nauli Bay and faces directly towards the Indian Ocean. The city stretches from north to south and is parallel to the coastline. The east side is close to the mountains, while the west side faces directly towards the Indian Ocean. The distance between the mountains and the city's coastline is only about 500 square meters, with a total area of 8,520 square kilometers.<sup>7</sup> Meanwhile, Sibolga's astronomical location is at 1° 42" - 1° 46' North Latitude and 98° 46' - 98° 48" East Longitude. The area is located at an altitude of 0-200 meters above sea level with a slope of 0-2 percent to more than 40 percent. Sibolga covers an area of approximately 27.76 square kilometers, with a habitable area of around 10.77 square kilometers. The land area of Sibolga is around 88,900 hectares, the island area is around 18,000 hectares, and the sea area is around 2,171.6 hectares. Based on its area, Sibolga is the smallest city in Indonesia. The city is divided into 4 subdistricts and 17 villages.<sup>8</sup>

Sibolga is nicknamed "Negeri Berbilang Kaum" (Land of Many Ethnic Groups), which indicates that this city is inhabited by various ethnic groups, including the Pesisir, Batak Toba, Mandailing, Angkola, Minangkabau, Aceh, Nias, Chinese, and Javanese. This ethnic diversity has existed since the early days of the city's establishment by the Dutch colonial government, which made it the capital of the Tapanuli residency.<sup>9</sup> During the Dutch colonial period, many people worked in the commercial sector, making this city a bustling hub for merchants who sailed from one coastal city to another along the west coast of Sumatra. Therefore, Sibolga was connected to Barus, Singkil, Tapak Tuan, Meulaboh, and Banda Aceh to the north, and Natal, Batahan, Air Bangis, Sasak, Tiku, Pariaman, Padang, and Mukomuko to the south.<sup>10</sup> During this period, Aceh and Minangkabau had a very dominant influence on trade, the spread of

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<sup>7</sup> Sondang Nauli Lumbangaol, "Analisis Nilai Ekonomi Usaha Ikan Teri Rebus Kering di Pintu Angin, *Undergraduate thesis*, Sekolah Tinggi Perikanan Sibolga, 2023, p. 1.

<sup>8</sup> Badan Pusat Statistik, *Kota Sibolga Dalam Angka*, Sibolga: Badan Pusat Statistik Kota Sibolga, 2023, p. 4.

<sup>9</sup> Budi Agustono and Junaidi, "The Dutch colonial economic policy: Coffee exploitation in Tapanuli residency, 1849–1928, *KEMANUSIAAN the Asian Journal of Humanities* 25(2), 2018:49–71. <https://doi.org/10.21315/kajh2018.25.2.3>

<sup>10</sup> Junaidi, Wani Maler dan Kiki Maulana Affandi, "Bandar Niaga Rempah Pantai Barat Sumatera: Barus dan Air Bangis", in Ahmad Kusasi (Ed.), *Arus Rempah Antara Pantai Barat dan Pantai Timur Sumatra*, Batusangkar: Balai Pelestarian Cagar Budaya (BPCB) Provinsi Sumatera Barat, 2021, p. 139–158. See also Junaidi, Budi Agustono, Heristina Dewi, Mhd. Pujiono, and Kiki Maulana Affandi, "Nias Island: Looking at the Life and Health of the Ono Niha in 19<sup>th</sup> Century", *Medicina Historica* 7(3), 2023:e2023048.

Islam, and the formation of coastal culture, so that this adaptation process shaped a new way of life for the people of Sibolga that continues to this day.<sup>11</sup>

Currently, the main occupations of the community are more diverse, with the Pesisir ethnic group mostly working as fishermen, the Batak Toba ethnic group mostly working in agriculture and plantations, the Aceh and Minangkabau ethnic groups trading in markets, the Mandailing ethnic group working as civil servants (PNS), and the Tioghoa ethnic group generally trading in their own shop houses, owners of fish warehouses in ports, and large capital owners. The Chinese ethnic group often provides loans to fishermen as capital for them to go fishing at sea. Meanwhile, the Nias and Javanese ethnic groups generally do odd jobs. However, this is not a main benchmark, because in the field we may find them doing different jobs as well.<sup>12</sup>

Those who work as traditional fishermen generally still use small boats or canoes that have been modified by adding an engine to the rear of the boat or canoe. These canoes can usually accommodate a maximum of two people per trip. Traditional fishermen generally leave at around 5:00 a.m. and return at 7:00 p.m.<sup>13</sup> Traditional fishing is usually done individually and only about 6 miles from the coast. The simple boats used by traditional fishermen do not allow them to sail further out to sea. The fishing gear used is also manual and limited. Due to the limited equipment, their catch tends to be small.<sup>14</sup> In order to increase their fish catch, some fishermen seek capital loans from other parties. These loans can also take the form of equipment such as larger boats and fishing nets. With this capital assistance, fishermen can increase their income.

Fishermen in Sibolga also commonly use bagan tancap, a fishing tool that uses nets and lights, which is generally shaped like a small floating hut installed on the edge or in the middle of the sea. The use of the bagan tancap method is very effective because the waters of Sibolga are quite calm, as there are many islands lined up around the coast, which protect it from high waves. Typically, the distance between the fixed net location and the coastline is around 100–150 meters. The area most commonly used for fixed nets is the Poncan Gadang waters in Tapian Nauli Bay. With this method, fishermen can work more safely, even in windy seasons.<sup>15</sup>

Fishermen who use fixed nets generally also use the following tools:

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<sup>11</sup> Junaidi and Ratna, "Trading ini Air Bangis in the 19<sup>th</sup> Century, *Humaniora* 31(1), 2019:51–60. <https://doi.org/10.22146/jh.v31i1.29700>

<sup>12</sup> Interview with Syahrial Lubis, in Sibolga, on July 31, 2024, at 12:30 p.m. Western Indonesian Time.

<sup>13</sup> Interview with Rocutdin Hurian, in Sibolga, on July 27, 2024, at 1:30 p.m. Western Indonesian Time.

<sup>14</sup> Endang Retnowati, "Nelayan Indonesia Dalam Pusaran Kemiskinan Struktural (Perspekti Sosial, Ekonomi, Dan Hukum)", *Perspektif* 16(3), 2011:149–159. <https://doi.org/10.30742/perspektif.v16i3.79>

<sup>15</sup> Afni Afriani, "Kajian Hasil Tangkapan Bagan Tancap Di Perairan Poncan Gadang Teluk Tapian Nauli Kota Sibolga Sumatera Utara", *TAPIAN NAULI: Jurnal Penelitian Terapan Perikanan dan Kelautan* 3(1), 2021:104–110.

1. A wooden motorboat measuring 8.5 meters long, 1.5 meters wide, and 0.80 meters high. The fuel used is the same as that used by traditional fishermen, namely diesel and gasoline.
2. A generator set or genset that functions as a source of electrical power.
3. Rollers that function to lower or raise the net.
4. Light bulbs function as light fishing to attract fish to gather under the light.
5. A scoop functions to facilitate lifting the catch from the bagan net. The scoop is shaped like a round bag with a diameter of 25 centimeters, a depth of 80 centimeters, and a handle length of 4 meters.
6. Fiber or styrofoam is used as a place to store the catch to maintain the quality of the fish. To prevent rapid decay, the fiber is usually filled with ice cubes.<sup>16</sup>

Not all Sibolga residents are fishermen; many of them also work as traders. Generally, traders open businesses in markets, travel around selling goods, or open shops and stalls. Through these trading activities, they are able to expand their network. Their merchandise varies, including rice, vegetables, fish, fruits, clothing, and other items. Not all basic necessities are available in Sibolga, so they are usually imported from other regions. Meanwhile, fresh fish is readily available in Sibolga because there are many fishermen there. Fish sales usually depend on the fishermen's catch, and the selling price in the market is determined by middlemen or tokke.<sup>17</sup>

In Sibolga, there are fish processing companies that handle everything from boiling to drying. These companies hire workers from the local community. Therefore, this is a job option for people with low incomes. Fish boiling is generally done as a side job because it does not operate every day. Fish boiling activities depend on the harvest season, such as the anchovy season. However, bad weather can prevent fishermen from going out to sea, resulting in a lower fish catch. In addition, sunlight is also an important factor in drying fish. If the weather is bad or cloudy, drying cannot be carried out.<sup>18</sup> Such was the daily life of the people of Sibolga before the 1998 monetary crisis. Then what was their life like during the crisis? The explanation will be described in the sub-section below.

### **Life in Sibolga During the 1998 Monetary Crisis**

As one of Indonesia's cities, Sibolga felt the impact of the inflation that occurred in 1998. This inflation not only affected the economy in general but also caused an increase in the prices of basic commodities in the city. This price increase certainly had a significant impact on the daily lives of the community. With high prices, the community faced a heavy economic burden. During the crisis, most people survived by relying only on basic necessities. On the other hand, traders also faced a major

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<sup>16</sup> *Ibid.*

<sup>17</sup> Interview with Syahrial Lubis, *loc.cit.*

<sup>18</sup> Juni Susianti Banurea, Irnawati Sinaga, and Riski Parsaulian Pasaribu, "Pengaruh Kadar Garam Yang Berbeda Terhadap Perebusan Ikan Teri Hasil Tangkapan Bagan Tancap di Kelurahan Sibolga Ilir Kecamatan Sibolga Utara", *TAPIAN NAULI: Jurnal Penelitian Terapan Perikanan dan Kelautan* 5(1), 2020:16–26.

dilemma in that they had to find ways to continue selling without placing too heavy a burden on consumers. Many traders ultimately chose to gradually increase the prices of their goods, in the hope that this would not place too much of a burden on buyers. This step was taken so that their businesses could continue to operate, even though they were aware that this situation could make goods increasingly difficult for most people to afford.<sup>19</sup>

For traders, maintaining business continuity was the most important thing at that time. Therefore, traders began selling their goods in retail, adjusting the size and price to make them more affordable. With this step, they hoped to continue attracting buyers, even though the economic situation was getting worse. This approach also helped the community to buy basic necessities in amounts that suited their abilities without feeling burdened. Merchants also continued to try to adapt amid the uncertain situation, keeping their businesses running. Not only merchants, but this crisis also hit the lives of fishermen in Sibolga. Many of them could not go to sea as usual. This was due to a lack of capital and high fuel prices, which not all fishermen could afford at that time.<sup>20</sup>

The scarcity of fuel and the difficulty of obtaining fishing equipment have left many fishermen unemployed. They feel confused, and many of them even spend their time in tuak bars, getting drunk, with the excuse of relieving stress. This behavior is certainly not good and causes concern, because it often leads to disturbances and arguments. In fact, several cases of theft in Sibolga have been reported to have increased during this crisis. This is because the fishermen's financial conditions have deteriorated rapidly. A lack of wisdom in managing their income has plunged them into difficulty, even though they had previously enjoyed economic sufficiency. As a result of this decline, many of them are forced to face a difficult reality. This increasingly complicated situation has ultimately forced them to change their strategies and approaches to life. This is aimed at helping them rise from their predicament, even if only with the little possibilities available.

One of the efforts made by fishermen to restore their income is to return to sea. However, their success at sea is greatly influenced by weather conditions and other natural factors. Not all fishermen manage to get adequate catches due to sometimes unfavorable weather. These natural challenges prevent them from restoring their finances to a stable condition. For some fishermen, these efforts remain unsuccessful. They still face difficulties in achieving the same economic prosperity as before. This situation then forces some fishermen to sell their boats to other parties in order to obtain additional funds. Some of them have switched to becoming pedicab drivers as an alternative source of income. In addition, they also try to open small businesses to maintain the financial stability of their families. These efforts are made so that they can continue to survive in the face of increasingly severe economic challenges. This choice provides a glimmer of hope amid the economic difficulties that have hit them.<sup>21</sup>

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<sup>19</sup> Interview with Syahrial Lubis, *loc.cit.*

<sup>20</sup> *Ibid.*

<sup>21</sup> *Ibid.*

Some of them chose to work as construction workers as an alternative means of survival amid a crisis situation with no end in sight. This choice was made due to limited education, which resulted in few job options available. However, working as a construction worker was not always easy or available all the time. At that time, construction activity in Sibolga was also not very developed, so job opportunities in this sector were also limited. As a result, there were only a few jobs available to them, and this situation had a direct impact on their income. These limited opportunities made it even more difficult for the community to meet their daily needs.<sup>22</sup>

### **The Impact of the Monetary Crisis on the Lives of the People of Sibolga**

When the monetary crisis hit Indonesia, layoffs became a common occurrence in various regions, including Sibolga. This region experienced the same turmoil due to an increase in layoffs amid economic instability. The impact of high layoffs was quite significant in several sectors and exacerbated the local economic situation. This condition caused uncertainty for workers who lost their source of income. As the economic turmoil continued during that period, the number of layoffs continued to rise, causing many people to face financial difficulties.

Across North Sumatra, including Sibolga, the number of unemployed people reached around 431,000. This represents a high unemployment rate across all levels of education. For example, 2.20 percent of elementary school graduates were unemployed, while 4.01 percent of junior high school graduates were unemployed. The unemployment rate among vocational junior high school graduates is quite high, at around 9.28 percent, while senior high school graduates are slightly lower, at around 7.25 percent. Diploma 1 (D1) graduates who lost their jobs reached 8.71 percent, but the highest unemployment rate was recorded among university graduates at 16.9 percent. Based on this data, it shows that the economic crisis has had a significant impact on various levels of education. This crisis has not only affected low-educated workers, but also those with secondary to higher education. As a result of job losses and fewer employment opportunities for new graduates, the economic situation in the community has worsened. This condition illustrates how vulnerable the economy is, which is under severe pressure from the crisis, thereby increasing the unemployment rate.<sup>23</sup>

High unemployment can lead to criminal activity and thuggery. The inability of people to find work drives them to engage in illegal activities. This creates conditions in which individuals feel compelled to seek risky alternatives. The impact of thuggery is not only felt by the perpetrators, but also disrupts the security of the community, especially for fishermen. For them, the presence of these thugs is nothing more than a nuisance; they use violence as a means to get what they want.<sup>24</sup>

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<sup>22</sup> Interview with Nelson Sitompul, in Sibolga, on August 1, 2024, at 10:15 a.m. Western Indonesian Time.

<sup>23</sup> BPS Sibolga, *op.cit.*, p. 3.

<sup>24</sup> Interview with Syahrial Lubis, *loc.cit.*

Thugs began to appear and roam around when large ships began to dock after returning from long voyages. Their presence in ports, wharves, and fish markets often caused unrest among the local community, fishermen, and warehouse owners. They often disrupted daily activities, either by demanding payments from fishermen or pressuring traders. Their activities not only created an atmosphere of fear, but also disrupted transactions in the area. The fear caused by the presence of thugs made fishermen and traders feel the need to protect themselves and their businesses. Many of them end up forming groups to protect each other or even hire additional security to protect their assets. This situation creates instability that complicates the lives of the community, especially in fish markets or ports, particularly in an already challenging economic climate.

As a form of self-defense, they use the names of members of the Indonesian National Armed Forces (TNI) as a shield against threats from other thugs. By doing this, they hope to create a sense of security and protect themselves from violence. Members wearing uniforms are also involved in this situation, helping to provide the necessary protection. This cooperation indicates a connection between them and the military to maintain security. On the other hand, warehouse owners also feel the impact of the presence of these thugs, so they feel the need to collaborate with uniformed members. In this case, cooperation between uniformed members and warehouse owners is important to maintain order. They work together to monitor and protect areas that are vulnerable to thuggery. This action is expected to reduce existing threats and provide peace of mind for fish warehouse owners.<sup>25</sup>

For Sibolga residents who work as civil servants with a fixed monthly salary, this crisis situation is still somewhat manageable, unlike manual laborers whose income is uncertain. The wages received by manual laborers are also very low, making it difficult for them to meet their daily needs. Low purchasing power has a direct impact on quality of life, especially for manual laborers. With limited income, they often have to reduce spending on basic necessities. This creates a situation where low income hinders efforts to improve living standards. As a result, many manual laborers are trapped in poverty and find it difficult to achieve prosperity.<sup>26</sup>

Amidst the chaotic situation caused by the crisis, hoarding of fuel has become rampant among certain individuals. Those who depend on fuel supplies, especially diesel, will find it difficult to carry out their daily activities due to high prices and limited availability. This price increase has made fishing more expensive and inefficient. This has created a dilemma for fishermen between reducing the frequency of going to sea to work or continuing to work even though fuel prices, especially diesel, are increasingly expensive. This situation has forced fishermen to look for alternatives so they can continue to operate. Some of them have started mixing diesel or gasoline with kerosene to reduce production costs. This method is considered a temporary solution to the fuel crisis. However, mixing fuel with other substances actually risks damaging

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<sup>25</sup> *Ibid.*

<sup>26</sup> Interview with Rismauli Sitompul, in Sibolga, on July 27, 2024, at 6:40 p.m. Western Indonesian Time.

boat engines. As a result, the engines emit black smoke, indicating damage or decreased performance. Ultimately, fishermen are beginning to reconsider the use of these mixtures to avoid further damage.<sup>27</sup>

### **Government Policy in Maintaining Economy Stability in Sibolga Community After the 1998 Monetary Crisis**

During the monetary crisis, the Sibolga government stabilized the price of Bulog rice for civil servants through a specific channel that had been established. Each civil servant had a predetermined rice quota, so they only had to exchange their coupons at the available counters. After receiving the rice, the employees then paid according to the predetermined price. This process became routine for civil servants during the crisis. At that time, the nominal price that had to be paid for every 10 kilograms of Bulog rice was around Rp. 30,000. However, this aid rice was often resold or exchanged at the nearest grocery store. If recipients wanted to exchange the rice for higher quality rice, they could do so at certain stores. In this exchange process, buyers only needed to pay the price difference according to the price of the desired rice. This system provided flexibility for the community in choosing food according to their preferences.<sup>28</sup>

This phenomenon occurred because the quality of Bulog rice received at that time was considered poor. Many people were concerned that the low quality of the rice would affect their families' health. For this reason, most rice aid recipients chose to exchange it at the nearest grocery store. There, they could exchange the aid rice for rice that was considered more suitable. In this way, they felt more secure in ensuring that their daily food needs were met. Recipients of Bulog rice often adopted other methods to improve the quality of the rice they consumed, namely by mixing it with regular rice. For example, for every 10 kilograms of Bulog rice they receive, they buy an additional 2 kilograms of better quality rice. By mixing these two types of rice, they hope to produce a mixture that is more suitable for consumption. This mixing is done to ensure that the rice they consume is safer and meets health standards.<sup>29</sup>

One plan that emerged at that time was the government's intention to increase civil servant salaries. Unfortunately, this plan was never realized. Some parties argued that the decision risked causing social jealousy among the community. Therefore, one of the steps that could be taken was to improve the quality of rice rations or Bulog rice distributed to them. With this step, it was hoped that the basic needs of civil servants could be met, even though their salaries remained the same. Improving the quality of rice was also expected to help ease their burden amid difficult economic conditions.<sup>30</sup>

During the crisis, the government also provided educational assistance to underprivileged students. The funds distributed by the government were used by schools for basic student needs, such as books, uniforms, and school fees. The aim

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<sup>27</sup> Interview with Rocutdin Hurian, *loc.cit.*

<sup>28</sup> Interview with Nursaidah Marpaung, in Sibolga, on August 24, 2024, at 7:00 p.m. Western Indonesian Time.

<sup>29</sup> *Ibid.*

<sup>30</sup> Waspada, 08 Januari 1998, *Gaji PNS Tidak Naik, Mutu Beras Harus Diperbaiki.*

was to ensure that every child had access to education without being burdened by costs. In this way, the government sought to ease the burden on underprivileged families in obtaining an education. The government also provides scholarships for students pursuing higher education. These scholarships are given to students who meet certain criteria. For students majoring in science, the minimum requirement to obtain a scholarship is a grade point average (GPA) of 2.7. Meanwhile, for students majoring in social sciences, they must achieve a GPA of 3.2. This program is designed to encourage academic achievement while helping students in need. In addition, the government also strives to improve the quality of life of the community through various measures aimed specifically at the poor. One such measure is the Social Safety Net Program (JPS). The JPS program provides assistance in the form of nutritional improvements and food distribution, which is distributed directly to the poor.<sup>31</sup>

The government is also trying to boost the economy so it can grow again by giving out business capital assistance. This capital assistance is given to people who have small and medium businesses and to some cooperatives. The government hopes that this assistance can help the economy get stable and recover again.<sup>32</sup> But after the 1998 monetary crisis, the government still couldn't stabilize prices in Sibolga.

**Table 1. Prices of Goods in Sibolga in 1998-2000**

No	Type of Goods (Unit)	Year		
		1998	1999	2000
1	Rice (kg)	1.600,00	3.367,00	3.750,00
2	Sugar (kg)	2.076,00	3.500,00	2.860,00
3	Cooking Oil (kg)	3.573,00	4.468,00	6.061,25
4	Anchovies (kg)	2.108,00	32.000,00	35.666,67
5	Egg (piece)	343,00	482,85	375,83
6	Garlic (kg)	11254,00	6647,92	4587,50
7	Red onion (kg)	9008,00	5770,83	5533,33
8	Red Chili (kg)	7838,00	8.568,00	9.572,92
9	Bread Flour (kg)	3.450,00	4.087,50	2.429,17
10	Salt (kg)	808,33	825,53	1.200,00
11	Kerosene (liter)	354,17	450,00	387,50

Source: Badan Pusat Statistik, *Sumatera Utara Dalam Angka 2000*, Medan: Badan Pusat Statistik Provinsi Sumatera Utara, 2001.

<sup>31</sup> *Wawancara* dengan Nursaidah Marpaung, *loc.cit.*

<sup>32</sup> Bonivasius Tatebburuk, "Pemikiran dan Implementasi Pemikiran Bj. Habibie Dalam Mengatasi Krisis Ekonomi Indonesia", *Journal of Society Bridge* 2(3), 2024:143–148. <https://doi.org/10.59012/jsb.v2i3.43>

From the data in the table above, it can be seen that the prices of various basic necessities rose dramatically between 1998 and 2000. One of the most striking examples was the price of rice, which more than doubled. This price surge was not only caused by high inflation, but also by disruptions in the distribution of goods and uncontrolled market speculation. When the government failed to implement effective monetary policies to control inflation, the prices of basic necessities became unstable and continued to increase in line with the weakening purchasing power of the people. Although some goods showed a decline in prices after the peak of the crisis, these prices remained higher than before 1998, indicating that the effects of the crisis were not completely resolved in a short period of time. This also proves that the economic policies implemented after the crisis were not strong enough to bring prices back to a more stable and affordable level for the public.

## CONCLUSION

The impact of the monetary crisis in Sibolga began to be felt when prices of goods gradually increased, adding to the burden on people's lives. This situation meant that many people were unable to afford basic necessities due to limited income. Amidst this economic pressure, many families had to make difficult choices, sacrificing one necessity to fulfill another. Often, parents sacrificed their children's education funds to meet their daily basic needs. For fishermen, the difficulties they face are due to fuel shortages, which have led to high prices and limited availability. This situation makes it difficult for them to go fishing due to limited capital and equipment. As a result, their families' daily needs are inevitably reduced.

After the monetary crisis, the government was faced with poor conditions in the country. Prices of goods rose, while the people gradually lost access to basic necessities. The government sought to stabilize the situation. Some of the measures taken by the government included stabilizing rice prices, providing educational scholarships, offering business capital assistance, and other initiatives. These efforts were intended to help the public weather the storm of the crisis and rebuild their economies, which had been damaged by the monetary crisis.

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