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Price Controls, Black markets, and Criminal Opportunities in Indonesia: A policy Analysis of Market Distortions

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ABSTRACT

Price controls and subsidies were usually judged by whether they improved affordability, stabilized markets, or imposed an excessive fiscal burden, while less attention was given to the economic value created by protected access itself. This article examined how Indonesian price interventions generated rents that could be converted into unauthorized exchange and, under narrower conditions, recurring criminal opportunities. A qualitative comparative policy analysis was conducted on subsidized fuel, subsidized fertilizer, and the 2022 cooking-oil price-control episode using primary regulations. The comparison identified three distinct rent structures. Fuel produced a persistent and relatively transferable rent, fertilizer produced an allocation-dependent rent tied to beneficiary and distribution rules, and cooking oil produced a shorter scarcity rent during rapid regulatory adjustment. The analysis showed that a price gap did not automatically create a black market. Stable illicit exchange became more plausible when rents could be repeatedly captured, transferred, and monetized at tolerable enforcement risk. Policy design therefore needed to address the location and convertibility of rents rather than rely on price rules or enforcement intensity alone.

INTRODUCTION

An administered price below the value available elsewhere in the market does more than make a commodity cheaper. It also gives economic value to the right to buy at that price. A household that receives subsidized fuel benefits from the lower price, but the same gap can reward someone who redirects the fuel to an ineligible buyer. A farmer may depend on subsidized fertilizer because the protected price makes an input affordable, while an intermediary can value the same entitlement as a resale margin. During a shortage, even a temporary retail ceiling may turn access to ordinary cooking oil into something worth paying extra for. None of these outcomes is inevitable. They arise from the way price intervention interacts with access rules, supply conditions, and the possibility of moving goods away from the channel for which the policy was designed. That interaction is central to the Indonesian cases examined here and is often less visible than the posted price itself (Abimanyu & Imansyah, 2023; Gobel et al., 2024).

Research on price regulation has documented familiar consequences such as shortage, queuing, quality adjustment, strategic repositioning, and noncompliance. Work on rent controls and pharmaceutical price ceilings shows that the formal price can remain administratively intact while firms or market participants adapt elsewhere in the transaction (Benischke & Bhaskarabhatla, 2024; Bhaskarabhatla et al., 2021; Kholodilin, 2024). A different literature examines illicit trade, black-market infrastructure, and enforcement capacity. There, the central problem is usually an already prohibited market or a channel plainly outside lawful distribution (Paraje et al., 2022; Spagnoletti et al., 2022). The two bodies of work meet awkwardly. Price-policy studies often stop at distortion or noncompliance, while illicit-market studies tend to begin after a profitable unauthorized channel already exists. That separation misses the stage at which circumvention first becomes profitable inside an otherwise lawful policy arrangement, before a stable illicit market can be observed.

Not every deviation from a regulated market is a black market. A retailer charging above an official ceiling, a beneficiary purchasing more than an entitlement allows, an unauthorized reseller, and an organized diversion network may all violate rules in different ways, yet they do not describe the same economic or legal phenomenon. This article treats black-market formation as a process rather than a label. Regulatory deviation can remain sporadic. Unauthorized exchange becomes more consequential when it is repeated and profitable, and only some of those exchanges develop into stable off-channel distribution. The term criminal opportunity is narrower still (Kadir, 2024b, 2025b, 2025d). It refers here to a setting in which a policy-created rent can plausibly be captured through conduct prohibited by the applicable distribution or trading rules, with an expected return that makes repetition attractive. The boundary is deliberately conservative. Scarcity, a high observed price, or informal exchange can reveal stress in the regulated market without establishing a criminal channel.

Indonesia's fuel, fertilizer, and cooking-oil regimes do not use the same price instrument. The fuel regime rests on a long-running subsidy and assignment architecture under Presidential Regulation No. 191/2014, most recently amended by Presidential Regulation No. 117/2021, with retail-price calculation further regulated through Minister of Energy and Mineral Resources Regulation No. 20/2021 as amended by Regulation No. 10/2024. Subsidized fertilizer has moved from the allocation and highest-retail-price framework associated with Minister of Agriculture Regulation No. 10/2022 into a newer governance structure under Presidential Regulation No. 6/2025, amended by Presidential Regulation No. 113/2025, and Minister of Agriculture Regulation No. 15/2025 as amended in 2026. Cooking oil followed a different path. A broad highest retail price under Minister of Trade Regulation No. 6/2022 was replaced within weeks by a bulk-oil ceiling under Regulation No. 11/2022, before the government shifted toward the Minyak Goreng Rakyat governance programme under Regulation No. 49/2022. These are not one instrument wearing three names. The common feature is narrower. Each arrangement created or protected access to a price below an alternative value that could exist outside the intended channel.

Fuel is continuously consumed and easily transferred, which makes its protected price unusually easy to compare with alternative uses. Fertilizer is tied more closely to eligibility, agricultural use, and local allocation, while cooking oil in 2022 was a mass-consumption good moving through a shortage episode in which the rules themselves changed quickly. The cases therefore ask how the location and duration of a rent affect whether distortion remains an administrative problem or becomes a recurring opportunity for illicit exchange. Regulation creates the protected price and defines entitlement, distribution decides where that value can be captured, and enforcement changes the cost of conversion. A similar economic logic appears in studies of regulated medicines, illicit tobacco, and stolen-goods markets, where legal and illegal channels compete for the same demand or commodity (Diestre & Barber, 2026; Mancha, 2025; Ulep et al., 2021). Those markets are not substitutes for Indonesian evidence. They show why a profitable differential still needs a workable conversion point before it can support durable illicit exchange.

Indonesian price intervention produces different forms of policy-created rent and therefore different vulnerabilities. It asks how those rents are generated and converted, and under what conditions the resulting market distortion can support repeated criminal opportunity. The answer is developed from Indonesian regulatory design and case evidence first. International studies are used where they clarify a mechanism that the Indonesian material cannot identify on its own. This keeps the claim deliberately below causal proof. The study does not estimate how much crime a price rule causes, nor does it classify every off-channel transaction as criminal. Its contribution lies in showing why the same broad policy objective of affordability can create very different illicit-market risks depending on where the economic rent sits and how easily it travels.

RESEARCH METHODS

The study uses qualitative comparative policy analysis based on documentary and secondary sources. Its unit of analysis is the regulatory-market arrangement rather than a statute, an offender, or a single observed transaction. Primary documents were read directly to reconstruct the rules governing price and distribution. Fuel is traced through Presidential Regulation No. 191/2014 as amended through No. 117/2021 and the ministerial retail-price framework amended in 2024. Fertilizer uses the 2022

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allocation regime as the historical baseline, then reads the 2025 and 2026 reforms as a later redesign of entitlement and distribution. The cooking-oil episode is reconstructed from Minister of Trade Regulations Nos. 6/2022, 11/2022, and 49/2022. Instruments that have since been revoked were retained only when they governed the period from which the case evidence arose, so historical rules are not presented as current law.

Peer-reviewed journal articles published from 2020 to 2026 supply the secondary evidence and conceptual comparison. Indonesian studies were prioritized for observed policy effects, distribution problems, price behaviour, and documented unlawful or unauthorized transactions. International studies were used more selectively, mainly where they clarified noncompliance, illicit demand, conversion points, or enforcement capacity. The set is analytical rather than systematic and is not presented as exhaustive. Coding was iterative. Regulatory and journal evidence was read for where the protected price was created, who could obtain it, and what had to happen before the difference in value could be monetized. The comparison followed that rent through the transaction instead of forcing every commodity into the same checklist. A repeatedly captured fuel subsidy, for example, is not treated as equivalent to a scarcity premium that disappears with a short-lived shortage. Evidence of seizure or unlawful sale corroborates the existence of circumvention but is not used to estimate how large a hidden market may be.

Documentary evidence can identify institutional incentives and recurring forms of market circumvention, but it cannot establish the hidden volume of black-market trade. It also cannot determine criminal liability without the facts required by the relevant offence. Accordingly, the analysis distinguishes regulatory noncompliance from unauthorized exchange and both from a stable illicit channel. Criminal opportunity is an analytical description of the incentive structure. It is not a finding that any unnamed market participant committed a crime. That restraint is especially important in the fertilizer and cooking-oil cases, where scarcity, local resale, or above-ceiling prices may reveal policy failure without demonstrating an organized black market. Ambiguous observations were therefore interpreted at the least severe level supported by the source.

RESULTS AND DISCUSSION

1. A Controlled Price Creates a Rent Before It Creates a Black Market

A protected price creates a rent whenever access to the commodity is worth more than the amount paid through the protected channel, well before any illegal transaction has to occur. The rent may be enjoyed exactly as the policy intends. Subsidized fuel lowers a household's transport cost, fertilizer support reduces the effective cost of cultivation, and a cooking-oil ceiling can protect purchasing power. The same value difference becomes problematic only when someone other than the intended beneficiary can capture it or when the beneficiary can convert the entitlement into a higher-valued sale. This distinction is easy to lose when price controls are discussed only through fiscal cost or consumer welfare. Yet it is the point at which a distributive benefit can become an arbitrage opportunity.

Indonesian fuel policy has repeatedly balanced affordability and distributional concerns against fiscal exposure and energy-transition objectives (Jazuli et al., 2021; Resosudarmo et al., 2023; Wong & Dewayanti, 2024). The regulatory architecture does not merely announce a low number at the pump. Minister of Energy and Mineral Resources Regulation No. 10/2024 retains a formula in which the retail price of subsidized fuel is connected to a base price, taxation, and the subsidy component. A protected retail price therefore exists inside an administrative calculation, while the commodity remains physically transferable. When an eligible or subsidized litre can be sold into a use or channel that values it more highly, the wedge has a realizable form. Abimanyu and Imansyah (2023) show why the subsidy remains distributively significant. The same significance helps explain why access is economically valuable.

The fertilizer case places the rent somewhere else. Access is not simply attached to possession of a fungible commodity at a filling station. It is tied to beneficiary status, allocation, redemption, and a distribution chain. Evidence from Aceh of subsidized fertilizer being sold contrary to the applicable price and distribution rules shows that the protected margin can be monetized locally rather than through a national underground market (Wardah et al., 2022). Recent policy analysis also continues to find substantial room for improving the targeting and efficiency of fertilizer support (Putri et al., 2026). The rent is therefore more conditional than in fuel. Someone must gain access to a subsidized unit, and the opportunity becomes valuable where local demand is willing to pay above the protected price.

Cooking oil in early 2022 produced a sharper but shorter-lived wedge. Minister of Trade Regulation No. 6/2022 imposed highest retail prices across packaged and bulk palm cooking oil during intense price pressure. The regime was narrowed under Regulation No. 11/2022 and later replaced by the Minyak Goreng Rakyat governance framework in Regulation No. 49/2022. Studies of the episode report scarcity and a gap between intended affordability and the price or effort required to obtain the product in practice (Efendi et al., 2024; Purbawa et al., 2023). The rent depended heavily on shortage because immediate access itself acquired value. This differs from fuel, where a routinely traded commodity can sustain a wedge as long as protected and alternative values diverge, and from fertilizer, where monetization depends on access to a regulated allocation and a willing buyer outside its terms. A price differential is therefore only the starting condition. It becomes an illicit-market resource when someone can repeatedly capture it and move the commodity through a transaction that leaves the protected channel.

2. Scarcity and Rationing Decide Who Can Monetize the Rent

Scarcity changes the meaning of a protected price because the right to buy can become more valuable than the price printed on the regulation. Consumers who cannot obtain the commodity at the official price do not experience "cheap" goods. They experience a missing good. Some wait, substitute, reduce consumption, or search across outlets. Others become willing to pay for immediate access. That willingness does not by itself create criminality, but it raises the value of anyone who controls stock. Research on price ceilings in other sectors reaches a similar point. Compliance with a nominal ceiling can coexist with strategic adjustments elsewhere, and the practical burden of regulation is often displaced rather than eliminated (Benischke & Bhaskarabhatla, 2024).

During the 2022 cooking-oil episode, Purbawa et al. (2023) found that scarcity altered what consumers regarded as an acceptable price for packaged palm cooking oil. Efendi et al. (2024) likewise describe the difficulty of maintaining price stability during the intervention. The rapid regulatory movement from Regulation No. 6/2022 to No. 11/2022, and then toward a different governance arrangement under No. 49/2022, is itself revealing. A posted ceiling could not be separated from the availability of supply through the channel to which the ceiling applied. Price protection lost practical meaning when consumers had to search elsewhere for the product, especially when the search itself carried time and access costs.

Fertilizer scarcity is administratively different because rationing is built into the policy. The system must decide who is eligible, how much is allocated, and where redemption occurs. A local shortage can therefore arise even when national supply is not exhausted. It may reflect mistargeting, inaccurate beneficiary data, delayed distribution, or stock that does not reach the farmer at the expected point. Syahriyanda et al. (2025) connect the effectiveness of subsidy implementation with farm-level technical efficiency, while Putri et al. (2026) show that reform choices carry broader distributional and production consequences. The newer governance rules introduced in 2025 and amended in 2026 put greater weight on validation, electronic redemption, designated delivery points, and monitoring. Those changes make sense economically because the vulnerable point is not merely the official price. It is control over access to the subsidized unit.

Fuel complicates a simple shortage story. The rent can remain even when subsidized fuel is physically available. The relevant scarcity may be an eligibility restriction, a quantitative limit, or the fact that a cheaper category of fuel is not intended for a higher-valued use. Diversion can therefore occur without empty retail shelves. This is one reason fuel subsidy reform has proven politically and institutionally difficult in Indonesia. The benefit is visible and recurrent, while a cleaner targeting system can still create winners and losers (Gobel et al., 2024). Sumarno et al. (2022) describe deeper policy failures in the energy sector that cannot be reduced to a single price decision or a temporary supply shock.

Scarcity, then, is not a universal precondition. It magnifies the cooking-oil rent and can intensify fertilizer resale, but the fuel rent survives through a more durable separation between protected and alternative use. What matters across all three cases is control over the point where entitlement becomes possession. If that point is easy to manipulate, a low official price can coexist with a much higher effective value outside the regulated channel. The market distortion becomes less about the number announced by government and more about who can repeatedly obtain the commodity on protected terms.

3. When Arbitrage Becomes a Criminal Opportunity

A profitable resale is still not enough to establish a black market. Arbitrage becomes more durable when the same margin can be captured again, buyers can be found without excessive search, and the commodity can leave the protected channel without a prohibitive probability of detection. The process may remain small and opportunistic. It can also acquire routine buyers and intermediaries once the return pays for repeated circumvention. That change is more important than the mere existence of a price violation. A one-off resale consumes an opportunity, whereas a repeatable route can preserve it by connecting protected supply to buyers who value the commodity more highly. The rent then starts paying for the transaction costs that keep circumvention possible. At that point it no longer rewards a single breach only. It supports the route through which later breaches can occur. Expected enforcement costs still matter, but they enter after a route exists and a margin can finance its use. This is the relevant sense in which a policy-created rent becomes a criminal opportunity structure rather than merely a tempting price difference (Kadir, 2025c, 2025a).

Indonesia's illicit cigarette market offers a useful domestic comparator because the commodity, buyers, and enforcement setting are already embedded in the same national institutional environment. Studies of excise enforcement show that illicit tobacco responds not only to the tax differential but also to monitoring and the practical capacity to disrupt circulation (Azizah & Purwana, 2021; Suarda et al., 2024). The comparison does not mean subsidized fuel or fertilizer should be treated like illegal cigarettes. It shows something narrower. A price advantage becomes commercially meaningful when it survives the journey from acquisition to resale. Enforcement matters at the points that make that journey possible, not only at the final sale.

Consumers can stabilize an unauthorized route when they continue seeking a product after lawful access has been restricted. Work on menthol-cigarette prohibition shows how this can give illicit suppliers a predictable customer base (Kenkel et al., 2025). Cannabis-market research likewise finds that legal change alters rather than instantly eliminates illegal-market activity (Meinhofer & Rubli, 2021). In Indonesian controlled-commodity markets, demand is usually lawful in itself. The relevant question is whether buyers have reasons to purchase through an unauthorized route because the protected channel is unavailable, inconvenient, or restricted to someone else. That buyer need not share the seller's regulatory status. A farmer facing a shortage or a commercial user seeking cheaper fuel can make diversion economically easier even where the eventual transaction breaches distribution rules.

Repeated exchange also needs a conversion point. Mancha's (2025) study of stolen-goods markets is instructive because regulation was effective when it targeted businesses that converted stolen property into saleable market goods. A similar logic appears in work on illicit veterinary medicines and digital black markets, where access to infrastructure determines whether dispersed misconduct can become organized exchange (Pons-Hernandez et al., 2023; Spagnoletti et al., 2022). For controlled commodities, the conversion point may be less dramatic. It can be a distributor, an outlet, a transporter, or another node able to redirect legitimate stock. The analytical value lies in locating the transaction where the commodity changes regulatory status in practice.

That location also limits what can be claimed from documents. Above-ceiling pricing may be unlawful without supporting a durable black market. A single diversion case shows that a rule can be circumvented, not how common the practice is. Even repeated seizures can reflect stronger enforcement as much as a larger market. Studies measuring illicit-trade control capacity warn against treating enforcement observations as a direct measure of hidden activity (Ulep et al., 2021). For the present comparison, criminal opportunity is therefore inferred from the coexistence of a monetizable rent and a repeatable route around the regulated channel. It is strengthened by evidence of recurring unauthorized trade, but it is not quantified from enforcement counts (Kadir, 2024a, 2026).

A small breach that depends on personal access may call for administrative correction. A recurring route that can finance transport, concealment, or intermediaries is a different problem because the rent begins to reproduce the mechanism that captures it. Diestre and Barber (2026) show how shortages in a regulated legal market can increase illegal pharmacy sales when unmet demand spills across the boundary. Paraje et al. (2022) make a related point for tobacco by showing how illicit trade adapts to regulation and market change. In the Indonesian cases, the policy risk is greatest where the protected margin is persistent enough to pay the transaction costs of circumvention.

4. Three Forms of Rent, Three Different Failure Modes

Fuel produces the most persistent rent in the comparison. The subsidy architecture is not a short emergency response, and the commodity is easy to move between users. Political economy reinforces that persistence. Energy subsidies remain tied to affordability and distributive expectations, while reform can provoke resistance if losses are concentrated or poorly compensated (Belgioioso & Newman, 2025; Natalini et al., 2020). Indonesia's own experience shows why abrupt removal is difficult even when fiscal and environmental arguments for reform are strong (Jazuli et al., 2021). The illicit-market vulnerability follows from duration as much as price. A route that captures the wedge today may still be valuable next month, giving participants a reason to learn how to repeat it.

Fertilizer creates a more local and allocation-dependent rent. The subsidized unit is valuable because access is restricted and agriculture gives the commodity a predictable use, but the opportunity is shaped by beneficiary records and the distribution chain. The market is therefore less naturally transferable than fuel. Unauthorized resale depends more heavily on who controls stock near the point of redemption and on whether farmers outside the formal allocation are willing to pay. Wardah et al. (2022) document unlawful sales within precisely this kind of setting. The later redesign toward stronger validation and electronic redemption suggests that policy makers have located a substantial part of the vulnerability in the administration of entitlement rather than in the HET alone. That is a different failure mechanism from a broadly available commodity carrying a persistent national subsidy wedge, and it demands a different regulatory response.

Cooking oil generated a third form, a temporary scarcity rent. The 2022 ceiling was imposed in a market experiencing exceptional pressure and was altered rapidly when supply and availability became difficult to manage. The rent could be intense because consumers needed a basic household commodity and were willing to search for it, yet the opportunity was less durable once the regulatory regime and market conditions changed. Research on short-lived fuel caps elsewhere shows that temporary interventions can leave effects after removal, but those effects should not be confused with a permanent regulated-market structure (Berezvai & Helfrich, 2024). The Indonesian cooking-oil case is closer to a shock-driven opportunity than to a standing subsidy channel. Price vulnerability elsewhere in Indonesia’s palm-oil economy also shows that market shocks are distributed unevenly across actors rather than absorbed at one point in the chain (Reich et al., 2026).

A large nominal wedge does not necessarily generate the most organized illicit activity, and a severe shortage does not necessarily generate the most durable one. Duration, access, and transferability combine differently. Fuel offers repeated capture and easy physical transfer. Fertilizer narrows access but may concentrate control in local distribution points. Cooking oil briefly made availability itself scarce, so the premium could rise quickly and then fall when supply or rules changed. The location of the rent therefore matters as much as its size. A margin captured at a recurring retail node is easier to reproduce than one that depends on a temporary queue or an exceptional shortage. By the same token, an entitlement-based rent can remain locally profitable even when it never becomes a broad national black market. These differences are more informative than treating all three as examples of “price controls causing black markets.”

Table 1 Comparative Typology of Policy-Created Rents

Case	Rent form	Expected duration	Main access bottleneck	Likely conversion point	Regulatory vulnerability
Subsidized fuel	Persistent transferable rent	Long while protected and alternative values diverge	Eligibility or quantity restriction	Retail and downstream redistribution	Repeated diversion can finance a stable off-channel route

Case	Rent form	Expected duration	Main access bottleneck	Likely conversion point	Regulatory vulnerability
Subsidized fertilizer	Allocation-dependent rent	Seasonal or recurrent around allocation cycles	Beneficiary validation and local stock	Distributor, delivery point, or unauthorized resale	Local control over entitlement can monetize shortage or mistargeting
Cooking oil, 2022 episode	Temporary scarcity rent	Shorter and shock-sensitive	Physical availability at protected price	Retail stock and immediate resale	Rapid shortage premium can outpace a rigid ceiling

Repeated fuel diversion may indicate that a stable rent is financing recurrence. An unlawful fertilizer sale can expose weakness in allocation even if no broader network exists. Above-ceiling cooking-oil sales during acute scarcity may disappear once the shortage and regulatory configuration change. The same observable act of resale therefore carries different implications depending on the rent beneath it. Enforcement records are most useful here as clues to the point of conversion, not as a proxy for market size. A recurring fuel pattern at the same downstream node says something about repeatability that an isolated scarcity premium does not. Likewise, repeated fertilizer leakage around redemption can reveal a durable local bottleneck even when the national market remains largely formal. A comparative policy analysis should not count violations and call the largest number the worst policy. It should ask what makes the violation reproducible and whether the underlying rent can pay for that repetition over time.

Energy-policy research has warned that failure can occur in design, implementation, politics, or the mismatch between objectives and instruments rather than in one dramatic collapse (Sokołowski & Heffron, 2022). Indonesia's energy experience reinforces that view (Sumarno et al., 2022). The three cases suggest an additional dimension. A policy can deliver some intended affordability while simultaneously creating a rent that is costly to police. That is not proof that the policy should be abolished. It is evidence that distribution integrity belongs inside the economic evaluation of the intervention rather than being treated as a separate law-enforcement problem.

5. Redesigning the Intervention Around the Rent

A persistent transferable rent cannot be managed only by increasing penalties after diversion occurs. Fuel carries a durable wedge across repeated transactions, so leakage control has to make the protected benefit harder to transfer without making legitimate access unduly difficult. Better targeting helps only if it remains politically credible. Indonesian fuel-subsidy reform has repeatedly shown that concentrated losses can weaken otherwise coherent reform (Gobel et al., 2024; Resosudarmo et al., 2023). A narrower benefit paired with credible compensation can reduce the resale margin while preserving the distributive objective that made the subsidy necessary. The practical test is whether reform reduces transferability without shifting the burden onto eligible users who have few substitutes.

Narrowing the wedge does little if eligibility can still be converted into stock for another buyer. The retail and downstream transaction matter because this is where subsidized fuel can leave its intended use. Traceability is useful when it exposes unusual repetition or volume, not when it simply adds a digital step for lawful consumers. An anti-leakage system that makes routine access harder can recreate the scarcity problem it was meant to prevent.

Fertilizer needs a different response because the rent is produced inside allocation. Correct beneficiary data will not help much if stock arrives late, while abundant stock can still leak when redemption controls are weak. The 2025 governance redesign and its 2026 amendment move toward electronic redemption and clearer delivery points. Those measures fit an allocation-dependent rent only if local records and supply are reliable. The objective is not maximum control. It is to keep the subsidized unit with the intended farm without leaving an easy premium at the point of access. Implementation quality is economically consequential because it also affects farm efficiency (Syahriyanda et al., 2025). Local discrepancy data can then be used to identify where allocation repeatedly fails rather than assuming every shortage begins at the same point.

Temporary scarcity rents need more room for adjustment. A ceiling imposed during a shock can become counterproductive when the regulated price moves too far from the conditions needed to bring supply to market. Indonesia's 2022 cooking-oil sequence already shows policy changing course as the broad ceiling became difficult to sustain. Short review periods and a credible exit rule are more useful than treating a temporary ceiling as a fixed commitment. Supply availability has to be read alongside the posted price because a ceiling that cannot be accessed has little distributive value. Evidence from rice stabilization likewise suggests that market-based instruments can complement direct intervention when the aim is price stability rather than a permanent administered price (Ruspayandi et al., 2022).

Enforcement is more defensible when it focuses on the point where protected goods are repeatedly converted into off-channel supply. Inspecting every transaction is costly and can burden legitimate trade. Evidence from stolen-goods regulation shows the value of disrupting businesses that make illegal resale commercially possible (Mancha, 2025), while research on illicit tobacco emphasizes institutional capacity rather than prohibition on paper alone (Ulep et al., 2021). In controlled commodity markets, the relevant node may be a distributor or outlet whose pattern cannot be explained by ordinary beneficiary demand.

The official price is also a poor standalone measure of success. A stable posted price can coexist with stockouts, unauthorized premia, or a parallel route that becomes the practical market for excluded buyers. A price increase after reform may reduce the rent available to intermediaries without improving every welfare measure immediately. Evaluation has to notice when a mechanism intended to transfer value to consumers or producers begins transferring part of that value to whoever controls access.

Subsidies and ceilings are often adopted because market prices impose real hardship, and rapid reform can itself produce unrest or unequal losses (Belgioioso & Newman, 2025; Natalini et al., 2020). The choice is not between a perfectly free market and a distorted controlled one. It is between interventions that distribute protection and risk differently. Where redistribution necessarily creates a rent, the practical task is to keep that rent attached to the intended beneficiary and make repeated conversion into illicit supply difficult.

CONCLUSION

Price intervention in Indonesia does not generate one generic black-market problem. The three cases show rents with different economic lives. Subsidized fuel creates a persistent and transferable margin, subsidized fertilizer creates a rent that depends more heavily on allocation and local control, while the 2022 cooking-oil episode produced a shorter premium driven by scarcity and rapidly changing rules. Those differences explain why the same policy language of affordability can lead to very different forms of circumvention. The formal price matters, but the decisive question is whether protected access can be converted repeatedly into another buyer's willingness to pay.

That conversion also marks the boundary of the article's claim. Scarcity is not crime, informal exchange is not automatically a black market, and a documented violation does not reveal the hidden size of an illicit channel. Criminal opportunity becomes analytically plausible where a policy-created rent is repeatable, transferable, and large enough to absorb the costs and risks of circumvention. Documentary analysis can identify that structure. Measuring the volume of hidden trade would require different data.

Economic policy should therefore evaluate distribution integrity as part of the intervention itself. Fuel needs attention to the durability and transferability of the subsidy rent. Fertilizer requires reliable entitlement and stock control around local redemption. Temporary ceilings need faster adjustment when scarcity turns access into a premium. Enforcement remains necessary, but it works best after policy design has identified where legitimate distribution becomes profitable diversion. A price rule can still protect welfare while creating opportunities at its edges. Treating those opportunities as an economic design problem, rather than leaving them entirely to criminal enforcement after they mature, offers a more realistic way to preserve the intended redistribution.

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