

Business Law Perspective on Economic Recession in Indonesia

Rizki Fitri Amalia¹, Evita Isretno Israhadi², Riswadi³
{kikyherman9@gmail.com¹, evita_isretno², riswadi@borobudur.ac.id³}

Universitas Borobudur, Indonesia

Abstract. Currently, Indonesia is wary of rising interest rates that have the potential to cause financial market turmoil. The Minister of Finance projects that the world economy will experience an economic recession in 2023. The increase in interest rates by the central banks of countries in the world has the potential to cause a global recession. An economic recession can trigger a decline in corporate profits, increased unemployment, and even economic bankruptcy. This resulted in reduced employment opportunities and many employees were laid off. Without human activity and mobility, the wheels of the economy are stuck. Methods This study uses a normative, sociological and phenomenological legal approach that focuses on the role of law in the economic recession in Indonesia. The results of the study indicate that in the perspective of business law as an effort to stop the worrying economic recession, economic actors must be aware and understand that the main goals of business entities are basically not only profitability and growth, but also image and business ethics. To resolve disputes, it is expected to use 2 (two) approaches, namely the litigation paradigm and the non-litigation paradigm.

Keywords: business law; recession; economic recession; law on the economy

1 Introduction

In Walk 2020, the world confronted a general wellbeing crisis as well as one of the most significant shocks to the worldwide economy in the cutting edge time — a shock further and more extensive than some other in eighty years [1]. This is known as a downturn. A downturn is a decrease in monetary movement that happens above typical development. Downturn suggests a period where the Total national output (Gross domestic product) declines when genuine financial development is negative [2]. A downturn is a period or time of decrease in financial action that influences pay, work, assembling, or deals. This condition influences monetary exercises, for example, a lessening in speculation and creation levels or products, as well as an effect on each individual, for example, the rising joblessness rate, rising costs for general necessities (expansion), decreased endowments and government subsidizing, as well as declining buying power and public utilization. Downturns can be the consequence of a decrease in outside interest, particularly

in nations with solid product areas. Unfavorable impacts of downturns in huge nations like Germany, Japan, and the US are quickly felt by their provincial exchanging accomplices, particularly during all around the world synchronized downturns [3].

Recessions can be caused by many things, from sudden economic shocks to runaway inflation. Quoting Forbes Advisor, the sudden economic shock that became the main driving

factor for the recession was exemplified by the occurrence of the COVID-19 pandemic. In addition, the excessive amount of debt borne by individuals and businesses in a country is also the cause of a recession. Then, another impact can also be caused by asset bubbles driven by emotional decisions to invest. Irrational decision making inflates the stock or real estate market. This sent panic selling, and wrecked the market. Too much inflation and deflation in a country also leads to an economic recession. Inflation is the process of increasing prices in general and continuously. On the other hand, deflation is a decrease in prices over time. When deflation gets out of control, people and businesses will stop spending, which weakens the economy.

The economic recession as a threat entity explains that potential economic threats can occur due to two factors, both external and internal. External factors provide opportunities for economic threats such as the impact of trade wars or economic sanctions carried out by a country against countries or corporations through trade restrictions, tariffs or economic embargoes. Regarding economic sanctions, the General Agreement on Tariffs and Trade (GATT) stipulates that trade agreements entered into by countries prohibit the imposition of economic sanctions on other countries, but there are exceptions if this is done in the name of a state of danger as regulated in Article XXI of the GATT [4].

The picture of the recession internally can be a potential economic threat caused by wrong policies, corruption and disaster. The current economic threat felt by all countries including Indonesia is the threat of an economic recession due to the impact of disasters, especially those caused by the spread of Covid-19. In addition, the threat of an economic recession will cause a country to experience bigger problems such as social, legal, economic and political problems. This condition was also experienced by Indonesia in 1998 where the economic crisis that occurred was categorized as an economic depression [5]. Economic threats are non-military threats that have a major impact on national security if they are not anticipated and handled with good mechanisms. History records that the threat of the 1998 economic crisis was a big threat and caused problems in various social, legal, economic and political sectors. The form of response to economic threats also cannot be carried out in the usual way, usually the practice of dealing with threats under normal circumstances, because of the impact that threatens state security, then economic threats should be categorized as part of a state of danger, so that with the mechanism of a state of danger, the government has full control over policies to recover economic conditions [6]. Recession conditions can be considered as an emergency that requires precise and definite solutions to restore the country's economy [7].

From the perspective of business law, the recession related to globalization is a cultural process, where there is a tendency for regions of the world to become one in social, political and economic format. In the process it is as if there is no longer any area that can avoid the global process. Globalization in the economic field that is engulfing the entire world today can be likened to a double-edged sword. On the one hand, it provides material abundance, while on the other hand it creates many problems that concern human civilization [8]. The uncertainty due to the recession, requires special steps and approaches so that the social and economic order continues to run according to the demands of developments that occur in society.

In addition, the recession also resulted in massive changes in various fields. In the global economy, the recession brought changes to market expansion, both in developed countries and in developing countries. Changes in market expansion in industrialized countries have brought about changes in consumptive behavior in people of various generations regardless of age and strata of society [9]. Excessive consumptive behavior that cannot be controlled can cause various social problems in society such as a lifestyle that turns wasteful, the emergence of corruption and crime rates that are getting higher and various problems that are not yet known

how to solve them [10]. This provides an overview of the certainty of a solution from a business law perspective.

2 Literature Review

2.1 Economic Recession During Covid-19

There are government strategies that have been made to manage the Coronavirus pandemic, some have had a positive effect, yet some have likewise had an adverse consequence. One of them is the decrease in monetary development in Indonesia. The effects on the monetary area in Indonesia because of this pandemic include: cutbacks, the event of PMI Assembling (this is a financial marker that mirrors the certainty of business chiefs in the assembling area, consequently affecting the securities exchange and forex market), a diminishing in imports, an expansion in costs (expansion), and misfortunes in the travel industry area which prompted a decrease in inhabitation. With regards to a financial downturn, the public authority understands that the utilization of data innovation should be controlled in a legitimate guideline to make lawful conviction in directing business exercises. From one viewpoint, to expect the development of abuse of data innovation as a way to carry out violations through the internet (digital wrongdoing) then again. As made sense of by Regulation Number 11 of 2008 concerning Data and Electronic Innovation, it is expressed that the turn of events and progress of data and correspondence innovation has caused changes in human existence exercises in different fields and the event of world relations becomes as though borderless which causes changes in huge effect on friendly, monetary, and social exercises.

The financial downturn influences the elements of improvement set off by propels in worldwide patterns which significantly influence the lawful request, so it should be analyzed fundamentally and creatively on legitimate turn of events. In the current legitimate reality, how compelling is the ITE regulation and other Indonesian public lawful guidelines that direct business regulation having the option to turn into a rampart against the way of behaving of exercises in the internet. Since exercises in reality are altogether different from exercises in reality, so can the traditional regulation overseeing genuine relations be applied to direct exercises in the internet, particularly while going through public wards.

The economic recession as a result of COVID-19 also has an impact on the country's economy experiencing a crisis without clarity. This has made micro, small and medium businesses feel the impact of the COVID-19 pandemic. The food and beverage (F&B) sector is one of the business sectors that directly feel the impact of the appeal for people to reduce activities in crowded places. In addition, the non-food and beverage sector was also affected by social restrictions. During such conditions, the priority for the community is adequate nutrition and body hygiene so that they remain strong in the face of the virus. Because of this, consumers in the non-food and beverage sectors switch to sectors that prioritize safety.

3 Methodology

The research method of Business Law Perspective on the Economic Recession is library research. The stages are carried out through data collection that is library in nature to explain issues that are based on critical and in-depth assessment of relevant library materials then followed by critical analysis. The approach used is a normative, sociological and phenomenological legal approach that focuses on analyzing the economic recession and its implications from the perspective of business law that has occurred until now in Indonesia. The economic recession and its implications for the business law perspective are related to legal patterns and strategies undertaken by stakeholder parties in implementing economic solutions during the COVID-19 pandemic with the main goal of achieving justice and social welfare for the Indonesian nation.

4 Result and Discussion

4.1 Economic Recession Perspectives and Its Implications for National Law

The economic recession gave birth to uncertainty in law enforcement in several aspects because it was influenced by the unstable economy and health. Since the beginning of the year, starting in March 2020, there has been a health crisis that has hit the world, namely the spread of the Covid-19 pandemic which has disrupted the whole order of people's lives. This phenomenon causes law enforcement to be constrained and dynamic so that special legal breakthroughs are needed, especially in law enforcement. The economic recession will certainly increase the number of unemployed and workers who are fired or laid off, as well as the number of people who have no income. As a result of the economic recession, taxes as the largest sector of state revenue will decrease, such as fewer people paying taxes or increasing the amount of tax payable.

The legal perspective of the national economic landscape is not because people do not want to pay taxes, but because most of the people from the lower middle class are no longer able to pay taxes due to reduced income or even because they no longer have income. The government and as the party responsible for the welfare of the people must create a solution by prioritizing the rights of citizens related to this problem, one of which is by providing tax relief (subsidy) to the community.

4.2 Business Law Perspective on Economic Recession

Regulation isn't just the entire of the standards and decides that administer human existence in the public arena, yet additionally incorporates the organizations and cycles that get these principles into impact reality. Furthermore, it can be said that where there is society, there is law. Thus, a basic element in law is that law is something related to humans, where humans live in a community called society. Regarding the business law perspective in responding to the current economic recession in Indonesia, clear and firm steps are needed and provide certainty to the public. Legal uncertainty will affect the economy. There are 3 (three) factors that cause the shortfall of legitimate sureness in Indonesia, specifically first, the order of regulations and guidelines isn't working and the material that is controlled is as yet covering; Second, the device

is frail in executing the principles; and Third, the settlement of debates in the financial field can't be anticipated [11].

Therefore, facing economic developments that are increasingly fast, complicated, and unpredictable. The substance of economic law in Indonesia must be able to guarantee legal certainty, in particular the synchronization of laws and regulations from the central level to the level of regional regulations, and cancel regional regulations that hinder investment, take sides with the poor, reform tax regulations, must also be able to carry out reflexivity. with reasonable, accessible, sensible, functional, and entwined advances effectively with all parts of public activity. In the event that this isn't finished, then, at that point, business regulation will be progressively distanced in the public eye, as has happened today.

In economic and business conditions, what needs to be done is consistent enforcement of business ethics. This is important because one of the causes of Indonesia's economic downturn is that the conglomerates in Indonesia in running their business do not serve the national interest, but instead plunder the people's property to be taken abroad. That is all in light of the fact that before all else they were not in view areas of strength for of morals. Such a condition is very disturbing in light of the fact that it requires the idea of regulation and business morals, which contains the rule of independence, the standard of genuineness, the guideline of not doing malicious, the standard of equity, and the standard of regard for oneself, which is plainly a general idea for edified people. This idea is utilized as an aide in day to day business collaborations. An example that is more in accordance with the ongoing society of Indonesian culture in confronting the financial downturn during the Coronavirus time frame is a need that can't be delayed.

In tackling a national economic recession in the perspective of business law, the legal system of populist or familial economics emphasizes the rule of morals rather than the rule of law, business ethics seems to need great attention and efforts are made to color economic activities. This is indeed a formidable challenge, because so far in the business world an immoral business myth has been attached, especially the recent corruption in the Ministry of Social Affairs, what is even worse is that the funds being corrupted are funds for the settlement of COVID-19 during the ongoing economic recession. all parties. With the corruption incident during the recession, business people always think that business is business or business should not be confused with ethics. By offering the concept of populist or familial Economic Law, which contains business ethics, myths like the ones mentioned above must be fundamentally changed. In this concept business activities must be considered as human activities that can be judged from a moral point of view. The long-term goal of this concept is that it is hoped that in the community there will be a view or raise the awareness of economic actors in order to create a myth that economic actors who do not heed morals will actually be in an unfavorable position in the community.

In the perspective of business law as an effort to stop the worrying economic recession, economic actors must be aware and understand that the main goals of business entities are basically not only profitability and growth, but also image. Image development or image building is one of the targets that cannot be separated from the long-term goals of every business institution. A positive image both among the community itself and in society in general is an invaluable 'asset' or wealth which has always been the main focus of attention from the leaders of the business world institutions.

Furthermore, from a business regulation point of view, it is likewise expected that the business local area will utilize 2 (two) general methodologies that are many times used to determine questions. The main methodology is to utilize the prosecution question goal worldview (hereinafter simply alluded to as the suit worldview). This approach is a way to deal

with get equity through an arrangement of opposition (the foe framework) and utilizing pressure (compulsion) in overseeing debates and delivering a success lose arrangement choice for the questioning gatherings. In the interim, the subsequent methodology utilizes the non-case debate goal worldview (hereinafter alluded to as the non-prosecution worldview). This worldview in accomplishing equity focuses on the 'agreement' approach and looks to unite the interests of the questioning gatherings and plans to get debate goal results towards a mutually beneficial arrangement, which then, at that point, gives conviction in settling this delayed monetary downturn. Of the two ideal models, the Case Worldview which depends on the legal executive as its foundation has tormented its utilization in accordance with the undeniably fast penetration of present day regulation in each edge of the world. In the group of stars of the cutting edge general set of laws, the presence of the legal executive incorporates the undertaking of settling debates to authorize law and order. The presence of a legal organization which is expected as a facilitative means to maintain the power of the law by giving admittance to equity to the gatherings engaged with the debate.

Law creates a kind of legal reality that goes beyond (post-justice), namely a world of law, in which courts and justice live in the form of simulacra, in the form of masks of justice, in an as if fair mechanism. (as if). Justice develops in the form of a simulation, which displays concrete images as a signifier (court, defendant, prosecutor, judge, concrete witness) showing factual social actions, but all of them are present in the form of a simulation. A portrait that causes many business people around the world to avoid resolving disputes through the judiciary because it is seen as ineffective and efficient.

In providing a solution to the economic recession in the perspective of business law, the Indonesian government needs more decisive steps, especially in the maximum utilization of resources, as an attraction for investors to invest their capital. All economic recovery programs in Indonesia require the synergy of the government with relevant stakeholders including the community with maximum awareness so that it does not appear that there is no revolutionary program from the Government and does not try to build alternative means to solve a serious economic recession.

5 Conclusion

From the study of the economic recession and its implications in the perspective of business law, it can be concluded that of the many solutions that are offered as a solution due to the economic recession during the pandemic, the business law approach provides a more definite direction than others. In the perspective of business law as an effort to stop the worrying economic recession, economic actors must be aware and understand that the main goals of business entities are basically not only profitability and growth, but also image and business ethics. Business ethics is needed because so far in the business world there has been an immoral business myth, especially corruption, such as the corruption of funds for the settlement of COVID-19. In dispute resolution, from a business law perspective, the law is able to provide a more definitive picture of the solution using two approaches. The main methodology utilizes the prosecution question goal worldview (suit worldview). This approach is a way to deal with get equity through an arrangement of opposition (the foe framework) and utilizing compulsion (pressure) in overseeing debates and delivering a success lose arrangement choice for the questioning gatherings. The subsequent methodology utilizes a non-case question goal worldview (non-suit worldview). This worldview in accomplishing equity focuses on the

'agreement' approach and tries to unite the interests of the questioning gatherings and plans to get debate goal results towards a mutually beneficial arrangement, which then, at that point, gives conviction in settling this drawn out monetary downturn.

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