

Contextualization of Economic Law in Development in Indonesia

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Abstract. Welfare development strategies should prioritize the enhancement of legal understanding and empowerment of the people. In addition to meeting basic needs, it's important to create ample opportunities for participation and contribution. Economic law, once unfamiliar, has now gained popularity and widespread recognition. Its role is to regulate economic activities, ensuring that economic development is in line with societal interests while safeguarding the rights and interests of the broader community.

Keywords: Contextualization of Economic Law, Economic Law, Economic Development Law.

1 Introduction

Effective and efficient national development in Indonesia requires a solid legal foundation.[1] Economic law, in this context, plays a crucial role. It functions to regulate and supervise various economic activities to align with development goals. The dynamics and complexity of Indonesia's economy continue to evolve. The emergence of new sectors and modern economic instruments demands adaptive economic laws capable of responding to these changes. Rigid and outdated laws will hinder economic growth and impede Indonesia's competitiveness at the global level.[2]

Moreover, economic inequality remains a significant challenge in Indonesia. Economic laws that are not contextualized have the potential to exacerbate this inequality. An inclusive and just framework of economic law is needed. The law must ensure that the benefits of development are distributed equitably across all segments of society. Indonesia cannot escape from the currents of economic globalization.[3] Globalization brings opportunities such as broader market access and foreign investment. However, on the flip side, there are challenges such as increased competition and the potential exploitation of national resources. Economic laws need to be contextualized to protect national interests. Indonesia must ensure it can leverage the opportunities of globalization optimally while maintaining economic sovereignty and its resources. [4]

Weak law enforcement in the economic sector is also a separate issue. Many economic law violations occur, such as monopoly practices, unhealthy competition, and corruption. This creates uncertainty in business and hampers economic development. Contextualizing economic law is one solution to strengthen law enforcement. Laws that are more relevant to current

conditions will facilitate law enforcement officers in taking action and imposing deterrent effects. [5]

In addition to law enforcement, public awareness of economic law is still low. Many people do not understand their rights and obligations in economic activities. As a result, they are easily caught in harmful practices or non-compliance with existing regulations. Contextualization of economic law must be accompanied by efforts to improve legal literacy among the public. [6] Intensive socialization and education on economic law are needed to encourage the active participation of the public in development.

Contextualizing economic law is not just about revising or updating legislation. It is a continuous and dynamic process. Enforcement aspects, institutional factors, and legal culture also need attention. Thus, economic law can effectively function as an instrument to realize sustainable, just, and prosperous development for all Indonesians.[7]

A paradigm shift towards fairer and more transparent enforcement of economic law is necessary. An effective and accountable judicial system is a prerequisite for creating a conducive business climate.[8] Investors will feel safer and more confident to invest in Indonesia if they believe that the law will be enforced fairly and consistently. Contextualizing economic law also opens opportunities for regulatory harmonization with other countries. It is important to facilitate international trade and investment. Indonesia needs to actively engage in international trade negotiations and ensure that national regulations do not hinder global economic integration.

In the long term, contextualizing economic law is expected to stimulate innovation and creativity in the economic sector.[9] Laws that support a healthy business climate will spur the emergence of new entrepreneurs and breakthroughs. This innovation and creativity will drive sustainable economic growth in Indonesia. Contextualizing economic law is an important investment for Indonesia's future. With a strong and adaptive legal foundation, Indonesia can achieve inclusive, just, and sustainable economic progress. [10] This will bring prosperity to all Indonesians and solidify Indonesia's position as a major player in the global economic arena.

2 Research Methodology

The research methodology enhances confidence levels to address problems through statistical reasoning. In this study, both primary and secondary data obtained by the researcher will be processed and analyzed for their accuracy to ensure the accuracy of the data used. The data collection methods are as follows: [11] Literature Review, which is a method or way to obtain data by studying books, journals, papers, or scientific writings obtained from print media. Interviews, involve obtaining information by directly asking questions to sources, namely actors or parties involved. Observation entails collecting data and information by reviewing and observing directly.

3 Results and Discussion

3.1 Model of Application of Economic Law in Indonesia

The importance of development in Indonesia is reflected in the constitutional mandate that reflects the nation's determination and aspirations. Ideologically, the main goal of development in this country is to achieve the vision of Pancasila, which interprets development as an effort to perfect the Indonesian nation and achieve economic growth, social equity, and political stability. However, carrying out this noble mandate is not easy, and the realities of life show the challenges Indonesia faces in implementing post-independence development programs.

The stages of development of a country from a developing nation to a developed one involve several phases. First, unification focuses on political integration to create national unity. Second, industrialization emphasizes economic development and political modernization. The third stage is the welfare state, where the main role of the state is to protect and enhance the welfare of the people.

Good development must be comprehensive, not only focusing solely on economic growth but also paying attention to human rights guaranteed by the Constitution, including civil, economic, social, and cultural rights. Through community participation, the government can achieve inclusive and sustainable development. Development in Indonesia aims to create equality and social justice, making the interaction between legal and economic development crucial, and the involvement of legal experts in economic development essential.[12]

Order and regulation are needed for the economic system to function smoothly, especially in the context of countries undergoing economic transitions from more traditional social environments. Predictability plays a significant role in this, especially in navigating the challenges that arise when entering more complex economic relationships. Meanwhile, stability is a key factor in ensuring that the law has the potential to maintain a balance between competing interests within it. It provides a strong foundation for the economic system to operate without excessive disruption and ensures that all parties can participate in a fair and orderly environment.[13]

The aspect of justice is reflected in the legal process, equality before the law, government treatment standards, and other factors that will impact the sustainability of market mechanisms and avoid excessive government dominance. Education and professional development in law are a necessity that must be emphasized in legal practice so that they can play a role as legal experts contributing to legal and economic development. Through an in-depth and professional analysis of economic law in Indonesia, various important aspects will be revealed: [14]

3.1.1 *Micro and Macro Economic Policies*

National economic policies, both on a macro and micro scale, must be carefully considered to ensure the country's economic health after 2003, as well as to fulfill the principles stated in Articles 33 and 34 of the Constitution after undergoing four amendments. Efforts to empower the economy, both at the micro and macro levels,

need further elaboration, including how to enhance the role of small and medium-sized enterprises in supporting the national economy post-2003. Additionally, it is necessary to consider how to develop industrial, transportation, and foreign trade systems without jeopardizing the environment for future generations. It is also important to improve the financial and banking systems to efficiently, effectively, equitably, and evenly support the activities of the government, Indonesian entrepreneurs, and consumers. Furthermore, appropriate strategies are needed to manage marine resources, fisheries, and maritime transportation in the 21st century. Efforts to prevent corruption, collusion, and nepotism in the bureaucracy must also be intensified through the improvement of public service processes and procedures that are more efficient and transparent. And there are many other aspects that need to be considered in formulating the right economic policies for the country's future.

A general understanding of economic policies is important for lawmakers and law enforcement officers to design an effective Economic Legal System. They need to consider whether new laws or institutions are needed and whether existing laws need to be amended or abolished. Additionally, the formation or modification of necessary legal and institutional bodies, as well as the most appropriate public service procedures and dispute resolution procedures for specific economic situations, should also be considered. The role of legal institutions and other state institutions is also crucial in this context, as they can help determine the best way to address emerging economic conflicts, whether between business entities, between business entities and the government, or between Indonesian and foreign parties.

It is desired that the national legal system can play a significant role in transforming the image of state apparatus, governance, and judiciary, which are often seen as places for corrupt practices and unbecoming behavior, into clean, transparent, and reliable institutions by providing excellent services to the public. The hope is that all economic policies also have a strong basis in legal norms, whether through regulations established in laws, judicial decisions, or customary legal principles. Moreover, it is important for scientific fields, such as Economic Law, to contribute to building a systemic approach that ensures that the national economic system truly evolves into a robust legal system that is well integrated.

3.1.2 *Micro and Macro Economic Activities*

A comprehensive conception and shared paradigm are needed as the foundation for all aspects of economic activities, both on a macro and micro scale, as well as the development of economic law as an integrated system. This aims to ensure that economic law and related regulations no longer merely function as quick responses to emergencies, but also provide clear direction and proper channels for all economic activities to achieve the desired vision of the national economic system.

When discussing the role and evolution of law in the economic development of a country, it cannot be separated from discussions about the economic approach to law or vice versa, namely economic analysis of law. A concrete example of the synergy between these two disciplines is how economic globalization puts pressure on legal instruments as regulatory mechanisms of the economy to adapt to international

developments, often referred to as legal globalization. It leads to the content of various laws and international agreements as positive legal sources having to adhere to principles and be harmonized with international provisions that transcend national borders. The process involves the ratification of international treaties and conventions, as well as relationships and agreements between private entities and new economic institutions.

Approaches in the field of economic law use transnational and interdisciplinary methods, focusing on the interconnectedness of economic and social issues at the national, regional, and international levels comprehensively. It means that economic law regulations must align with the directions of economic policy, legal policy, and community development in a holistic and structured manner. Therefore, the field of economic law involves interests from both the private sector and the public interest, simultaneously. The economic approach to law is one way to ensure that the law does not lag in the flow of economic traffic domestically and across borders, whether at the national, regional, or international levels.

3.2 Function of Economic Law in Legal Development in Indonesia

The function and role of law in development in the future national legislation stage need to give priority to laws relating to capital accumulation to finance development and economic democratization to achieve efficiency, fulfilling the law's function as a business facilitator. Therefore, legal experts who are involved as legislators must be able to combine legal studies with other scientific disciplines in a comprehensive manner, to ensure social order for the functioning of the law due to social changes and social arrangements between community groups, states, countries, both at the national, regional and international levels. international process which can run responsively to the principle of balancing the interests of progressive development.

In terms of its function, the development of economic law in Indonesia functions as a means of maintaining order and security, a means of development, a means of upholding justice, and a means of public education. These four functions can be applied in economic law which is a national legal system oriented towards people's welfare. Meanwhile, economic law is tasked with:

- a. Formulating and providing legal infrastructure.
- b. Enhancing economic development.
- c. Protecting the economic interests of citizens.
- d. Improving the welfare of society.
- e. Establishing and enforcing sanctions for violators, and
- f. Assisting in the realization of a new international economic order through legal means and institutions.

Topics related to economics and technology need to be handled by experts in their respective fields, including in the development of various corporate structures in Indonesian economic law. Although some forms of corporations such as N.V. and P.T. have been regulated

since the Dutch East Indies era, recent developments have introduced new forms of corporations that require attention, such as "statutory boards" that facilitate cooperation between the private sector and local or central governments, as permitted by foreign laws. However, there are still questions regarding regulations for Trade Enterprises, SOEs, and other forms of corporations such as Domestic Private Companies, Foreign Direct Investment, or Multinationals. It is time for the laws governing economic actors to be thoroughly examined, both in the context of their economic roles in the national economy and as part of the legal system regulating the rights and obligations of each actor.

To date, there is no appropriate regulation for various types of contracts, including adhesion contracts (standard contracts) that substantially differ from simple contracts regulated in Indonesian civil law. The Netherlands changed its laws regarding standard contracts more than 15 years ago because it believed that old principles and regulations still applied in Indonesia could lead to injustice for less empowered parties. In Indonesia, there are no clear provisions for government contracts that could change the position of the private sector through government policies or changes in laws. The same applies to international contracts and contracts conducted electronically (e-contracts), there are still legal gaps that can lead to uncertainty. Using regulations on Contract Law originating from the Code Napoleon born in 1800 in Indonesia in the present day is considered inappropriate and unfair. This is because almost all economic activities depend on contracts.[15]

Communities committed to political, economic, and legal reform must learn from past mistakes where the law was often neglected. As Indonesia's economic conditions have not fully recovered yet, it is important to prioritize the development of economic law as a foundation for economic actors. The government should not only focus on economic recovery but also build a basis for sustainable, efficient, and equitable economic growth.

4 Conclusion

Successful development for a country is comprehensive development. National development must aim to reduce inequality in all areas of social life, in accordance with the constitutional principles contained in the 1945 Constitution. In Indonesia, the development of economic law has several important functions: maintaining order and security, supporting development, upholding justice, and providing education to society. Law as a norm provides fundamental direction and assessment of legal norms themselves, the basis of which lies in the constitution, especially Article 33 of the 1945 Constitution. The role of the state in the political and economic development of Indonesia, as mandated by Article 33 paragraphs (1), (2), and (3) of the 1945 Constitution, emphasizes the importance of making laws to regulate economic development that favors the interests of the people.

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