

INTEGRATION OF PANCASILA VALUES IN ECONOMIC LEGAL ENGINEERING FOR NATIONAL DEVELOPMENT

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Abstract: This article explores the philosophical and constitutional foundations that form the basis for the development of economic law in Indonesia. As is known, Indonesian legal problems such as economic inequality, corruption, legal uncertainty, and complicated bureaucracy make it difficult for the Indonesian economy to develop. Laws that should have been engineered for development capital did not go according to plan. This article uses normative legal methods on legislative systematics. The approach in the paper uses a combination of legislative, philosophical and constitutional approaches. The research results show that the philosophical foundations of economic law in Indonesia are based on Pancasila, which functions to create stability, support development, uphold justice, and increase legal literacy. Economic law plays an important role in national development with the principles of faith, benefits, Pancasila democracy and social justice. The Indonesian Constitution emphasizes the principles of kinship and social justice in economic policy, although it is still challenged by capitalistic and socialistic tendencies. This is why it is important to integrate Pancasila values to achieve sustainable and just development in Indonesia.

Artikel ini mengeksplorasi dasar-dasar filosofis dan konstitusional yang menjadi dasar pengembangan hukum ekonomi di Indonesia. Seperti diketahui persoalan hukum Indonesia seperti ketimpangan ekonomi, korupsi, ketidakpastian hukum, hingga birokrasi berbelit membuat ekonomi Indonesia sulit berkembang. Hukum yang semestinya direkayasa untuk modal pembangunan tidak berjalan sesuai rencana. Adapun penelitian ini menggunakan metode hukum normatif pada sistematika perundang-undangan. Pendekatan dalam artikel menggunakan gabungan pendekatan perundang-undangan, filsafat dan

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konstitusional. Hasil penelitian menunjukkan bahwa dasar-dasar filosofis hukum ekonomi di Indonesia yang berlandaskan Pancasila, yang berfungsi untuk menciptakan stabilitas, mendukung pembangunan, menegakkan keadilan, dan meningkatkan literasi hukum. Hukum ekonomi berperan penting dalam pembangunan nasional dengan prinsip-prinsip keimanan, manfaat, demokrasi Pancasila, dan keadilan sosial. Konstitusi Indonesia menekankan prinsip kekeluargaan dan keadilan sosial dalam kebijakan ekonomi, meskipun masih tantangan dari kecenderungan paham kapitalistik dan sosialistik. Dari sini penting adanya integrasi nilai-nilai Pancasila untuk mencapai pembangunan berkelanjutan dan berkeadilan di Indonesia.

Keywords: Pancasila Value; economic law; legal engineering.

INTRODUCTION

Economic law is an important instrument in the development of a country. According to Mochtar Kusumaatmadja, law must be seen as a means to achieve development goals (Kusumaatmadja 1975). The development in question includes improving economic prosperity, social justice and political stability. With this intention, (economic) law must be adaptive and responsive to the needs of a developing society. Indonesia, as a developing country that is preparing to become a developed country, must prepare various legal infrastructures to regulate the changes that will occur. However, Indonesia faces serious problems such as economic inequality, corruption, legal uncertainty, and troublesome bureaucracy. All of these obstacles can actually hinder economic growth. Regarding this issue, for example the complicated bureaucracy, Indonesian President Joko Widodo complained about the length of the licensing process for activities at the national and international level (Sanjaya 2024; Sutrisno 2024). In fact, if this event is held, Indonesia will definitely experience good economic growth. All lines of life become alive, the standard of living increases. Apart from that, the ease of investment in Indonesia was recorded as still high at number 73 in 2020. However, due to slow bureaucratic (permitting) problems, there were not many international events, which ultimately resulted in no economic growth.

Laws should be able to be engineered to change people's behavior, including changing complicated bureaucracy. According to Kusumaatmadja, legal institutions can be used to engineer social behavior to suit the development desired by the state (Kusumaatmadja 1976).^[3] Furthermore, according to Sri Soemantri, the law must be able to support economic development by creating a conducive climate for investment and economic growth (Martosoewignjo 1983; Prastiti 2022; Salim and Sutrisno 2008). If Indonesia wants to increase economic growth to 7 percent, then the law must be able to engineer everything needed, including creating a conducive investment climate. One of the techniques needed is clear and consistent regulations to attract investment interest, both domestic and foreign. Regulations are needed to protect national interests. To understand this issue, it is very

important for drafters of laws to have in-depth knowledge of the philosophical basis, as well as the constitutional basis regarding the direction of development of economic law in Indonesia. The values contained in Pancasila, the 1945 Constitution must be the direction and guide in formulating a policy that is designed and implemented to achieve social welfare in a fair and equitable manner.

In this context, it becomes an important question, why is legislation in the economic sector not partly based on the values of Pancasila and the 1945 Constitution in accordance with the principles of drafting legislation? Do the drafters of the law not understand the urgency of including principles, principles and objectives in the regulations that will or have been drafted? Several recent laws have indeed included principles and objectives in legislation such as the Creative Economy Law, which include principles including belief in the one and only God, benefits, justice, sustainability, national identity; Law Number 11 of 2020 concerning Job Creation mentions the principles of equal rights, legal certainty, ease of doing business, togetherness and independence. The Social Worker Law presents principles and objectives. However, these principles and objectives are not entirely in accordance with the basic values of Pancasila, for example the principle of divinity, the principle of humanity, the principle of national unity, the principle of wisdom and the principle of social justice.

Issues regarding incompleteness in stating the principles and objectives of legislation in particular are often found in legislation in the economic sector. If there are principles, many principles are not in line with Pancasila values. Legislative theory emphasizes the importance of principles and objectives as key components because they provide fundamental guidelines that must be followed in drafting legislation, as well as providing clear direction and objectives for what is to be achieved. Without principles and objectives, legislation will be ineffective, subject to multiple interpretations, and difficult to implement in the field. Based on this background, a study of the philosophical foundations and constitutional foundations related to the direction of development of Indonesian economic law is very necessary. One emphasis is that economic legislation must explicitly include principles, principles and objectives in a law. According to Manan and Rahardjo, legislative principles are the basic principles that form the basis for the formation, implementation and enforcement of law. Legislative principles provide clarity regarding the results achieved by the law. In the context of economic law, legislation that does not include principles or is not in line with the constitution will cause legal uncertainty, hinder investment and worsen the investment climate in Indonesia.

This topic has been studied by previous researchers. Irawan (2015) wrote *Basics of Indonesian Economic Legal Thought*, which stated that the development of Indonesian Economic Law was influenced by various factors, one of which was the implementation of economic efficiency theory. The development of Indonesian economic law is said to be guided by the principles of togetherness and brotherhood in Article 33 of the 1945 Constitution which prioritizes the welfare of society above individual welfare. The role of law in economic development is very important, and the effectiveness of law is very important for the success of economic development. In the era of globalization, economic law reform in Indonesia aims

to create social welfare by focusing on the values of Pancasila (Irawan 2013; Pranoto 2018; Ruslina 2012; Zaini 2012). Of course, studies on this topic have been reviewed by previous researchers. However, this paper uses a different perspective and theory, so the findings produced are different.

RESEARCH METHOD

This paper is of the type of normative or doctrinal legal research. Quoting Irwansyah, one of the areas of normative legal research used in this study is systematic legal research on legislation. This type of research is used to see whether a law in the economic field applies to areas of life that do not conflict with each other when viewed from the hierarchy of laws both vertically and horizontally (Irwansyah 2023). The approach taken is a statutory approach (*statute approach*), philosophical approach (*philosophical approach*) and constitutional approaches (*constitutional approach*). The legal materials or data used are legal materials / secondary data. Material collection was carried out through library research and document study. Material or data analysis is carried out qualitatively, then data reduction is carried out, presented and then drawn into a conclusion.

RESULT AND DISCUSSION

Philosophical Foundations of Economic Law

An economic system can be defined as an order regulated by various institutional elements, such as economic laws and regulations, norms and values (both written and unwritten). These elements function to direct and control economic activities carried out by individuals and groups in society. The economic system is a fundamental element that cannot be separated from the ideology of a country. Therefore, the economic system implemented in a country must be in harmony with the values and principles that underlie the country's ideology. The Indonesian economic system, which is based on the Pancasila ideology, is a clear example of how national values and goals become the basis for the economic system. Not the other way around, where the state ideology must follow the current economic system. Economic law in Indonesia, as a legal norm that regulates the economic system, is rooted in the values of Pancasila and the goals the Indonesian people want to achieve (Hasan 2021).

Economic Law, according to Sumantoro, is "a set of norms that regulate economic activity relationships which are substantially influenced by the economic system used by a country (liberal, socialist, or mixed) (Sumantoro 2008). Economic law plays an important role in encouraging national development through its four interrelated functions (Hartanto 2019). The four functions are as follows facilities for maintaining order and security, development facilities, means for enforcing justice, and community education facilities. Economic law plays a fundamental role in maintaining the stability and smoothness of economic activities, minimizing violations and conflicts that can hamper development. This is achieved through: creation of stability and legal certainty. Economic law ensures a clear and

consistent legal framework, so that economic actors can carry out their activities calmly and avoid violating the law; increase investor confidence. Legal certainty and economic stability encourage investors to invest safely, increase capital and employment; and maintain a conducive business climate. Clear and fair rules in economic law create an equal level playing field for business actors, encourage healthy competition, and increase competitiveness and economic productivity.

In development facilities, economic law is the basis for formulating policies and regulations that are pro-growth and support national development, including the following policy and regulatory basis, facilitate infrastructure development, increasing economic competitiveness. and support job creation. Economic law is the basis for formulating appropriate policies and regulations, such as investment rules, business competition and consumer protection, to encourage sustainable economic growth. Facilitate infrastructure development, appropriate rules in economic law encourage the development of infrastructure that supports economic activities, such as roads, ports and telecommunications, which are key to the smooth flow of goods and services. Increasing economic competitiveness, fair and transparent laws in the economy create an equal level playing field for business actors, encourage efficiency and productivity, and increase the competitiveness of the national economy. Support job creation, economic growth driven by conducive laws opens up new job opportunities and improves people's welfare.

In means for enforcing justice, economic law plays a role in upholding justice and resolving disputes in economic activities, thereby creating a sense of security and legal certainty: ensuring fairness in economic activities, resolve economic disputes fairly and efficiently, encourage compliance with the law, and increase confidence in the legal system. Ensuring fairness in economic activities, economic law protects the rights of economic actors, such as the right to property, the right to business, and the right to obtain information, and ensures fairness in economic transactions. Resolve economic disputes fairly and efficiently, an effective and impartial dispute resolution mechanism in economic law ensures legal certainty and prevents prolonged conflicts, thus encouraging the smooth running of economic activities. Encourage compliance with the law, firm and consistent law enforcement in the economy creates a sense of justice and encourages economic actors to comply with applicable regulations. Increase confidence in the legal system, fair and transparent law enforcement in the economy builds public trust in the legal system and encourages legal compliance.

In Community Education Facilities, economic law plays an important role in increasing public awareness and legal literacy, thereby creating a strong legal culture: increase public awareness, encourage responsible economic behaviour, support a strong legal culture, and increasing legal literacy. Increase public awareness, education about economic law helps people understand their rights and obligations in economic activities, so that they can carry out their activities responsibly and comply with applicable regulations. Encourage responsible economic behaviour, an understanding of economic laws encourages society to act

responsibly and sustainably in economic activities, thereby supporting sustainable development. Support a strong legal culture, high legal awareness and compliance with legal rules are the main pillars of a strong legal culture, which is important for creating an orderly and just society. Increasing legal literacy, a good understanding of economic laws helps people to solve problems and protect their rights, thereby improving well-being and quality of life.

National economic law, which is oriented towards people's welfare, implements these four functions in an integrated manner through various legal instruments, such as constitution, government regulation and court decision. In constitution, establish a legal framework that regulates various aspects of economic activities, such as consumer protection, business competition and intellectual property rights. In government regulations, formulate technical and detailed rules to implement laws, ensuring certainty and consistency in the application of economic laws. In court decisions, providing legal interpretation and resolving disputes related to economic activities, upholding justice and legal certainty.

By implementing these four functions effectively, national economic law can contribute significantly to realizing sustainable and equitable development for all people. This can be seen from several indicators, such as: Increased economic growth (conducive regulations and fair law enforcement encourage investment, increase productivity and trigger economic growth), increasing people's welfare (Inclusive and equitable economic growth will increase people's income and standard of living), creation of jobs (rapid economic growth will open up new job opportunities and reduce unemployment), strengthening social stability (justice and legal certainty in economic activities will minimize conflict and increase a sense of social justice).

In legal theory, principles have a role as a philosophical and moral foundation for statutory regulations (Prabandani 2022). Legal principles occupy a higher position than the law itself, because they are the guidelines and principles that guide the formulation and application of the law. The scope of legal principles is at a philosophical level, reflecting the values and principles that underlie a legal system. Therefore, legal principles have a very significant influence on the effectiveness of law. Appropriate and coherent principles will produce laws that are effective in achieving their goals, while weak or incoherent principles can cause laws to be ineffective and even counterproductive. In the context of economic activities, there are several legal principles that become fundamental guidelines, among others (Supeno 2020):

1. Principles of Faith and Devotion to God Almighty. This principle emphasizes that economic law must be implemented based on moral and spiritual values, in accordance with the religious beliefs held in Indonesia. This aims to create a just, moral and sustainable economic system.
2. Principle of Benefits. This principle focuses on the main objective of economic law, namely to provide benefits to the wider community. Economic laws must be formulated and implemented in a way that can improve people's welfare and advance the national economy.

3. Pancasila Principles of Democracy. This principle emphasizes that economic law must be in harmony with the democratic values of Pancasila, which uphold social justice, deliberation and a balance between rights and obligations.
4. Principles of Fairness and Equity. This principle emphasizes the importance of justice and equality in economic activities. Economic laws must be designed to protect people's rights, prevent monopolies and oligopolies, and ensure fair access to economic resources.
5. Principles of Balance, Harmony and Harmony. This principle emphasizes the importance of balance between various aspects of economic life, such as between the interests of individuals and society, between economic growth and environmental sustainability, and between economic development and social justice.
6. Legal Principles. This principle emphasizes that economic law must comply with general legal principles, such as legal certainty, justice and expediency. Economic law must be implemented consistently and transparently to ensure legal certainty for economic actors.
7. Principle of Independence. This principle emphasizes the importance of economic independence for the Indonesian nation. Economic laws must be designed to encourage national economic independence, reduce dependence on other countries, and strengthen the nation's economic competitiveness.
8. Financial Principles. This principle relates to the management of state finances which must be carried out responsibly and sustainably. Economic law must support a healthy and stable financial system to support national economic development.
9. Principles of Science. This principle emphasizes the importance of science in the formulation and application of economic laws. Economic laws must be based on scientific research and accurate data to ensure their effectiveness.
10. Principles of Togetherness, Kinship, Balance and Continuity in People's Prosperity. This principle emphasizes the importance of mutual cooperation and cooperation in achieving people's prosperity. Economic laws must encourage broad public participation in economic activities and ensure a fair and equitable distribution of prosperity.
11. Principles of Environmentally Friendly and Sustainable Economic Development. This principle emphasizes the importance of sustainable and environmentally friendly economic development. Economic law must support environmental conservation efforts and ensure responsible use of natural resources.
12. Principles of Independence with a State Insight. This principle emphasizes that economic independence must be carried out while still considering national and global interests. Economic law must support international cooperation and mutually beneficial global economic integration.

Pancasila philosophy

Pancasila values or principles must be the basis of every legislation in Indonesia. Pancasila contains five basic principles, namely divinity, humanity, national unity, wisdom and social justice. If described, there are 25 Pancasila indicators that are needed to be synergized with existing laws and regulations. Based on the Regulation of the Head of the Pancasila Ideology Development Agency Number 4 of 2022 concerning Pancasila Value Indicators, there are 25 value indicators that are reflected in the five Pancasila principles. The Pancasila Value Indicators are used as guidelines in the formation of policies and legislation by state institutions, ministries/institutions, regional governments and/or village governments (Article 2). Apart from formation, indicators of Pancasila values must also be included in the monitoring or monitoring process, as well as evaluating or reviewing policies and laws and regulations (Article 2).

The third principle of Indonesian unity contains five indicators. Legislation and policies that are formed must be able to foster a sense of love for the country and be willing to protect the entire nation and shed its blood. There are five indicators, namely: 1) guarantee national unity, the integrity and integrity of the Republic of Indonesia, and develop culture, 2) strengthening the national spirit that protects the nation and the bloodshed of Indonesia, 3) guarantee that every citizen prioritizes the interests of the nation and state above personal and group interests, 4) develop a sense of love for the country and be ready to sacrifice for the interests of the nation and the country for every citizen, 5) fostering a spirit of mutual cooperation, a sense of national pride and Indonesian homeland.

The fifth principle of Pancasila, social justice for the Indonesian people contains five indicators. This principle encourages policies and laws and regulations to encourage joint business development with a spirit of mutual help. The five indicators of the fifth principle of Pancasila are as follows: 1) realizing justice and prosperity for all Indonesian people, both physically and mentally, 2) guarantee protection for everyone to respect the creative process, works and works responsibly for the sake of realizing people's welfare, 3) guarantee the right of every citizen to obtain education, health, work and business opportunities, as well as a decent living, 4) fostering community economic independence and equitable people's welfare, and 5) ensure economic activities that are fair, sustainable, competitive, environmentally friendly, and maintain the balance of progress and national economic unity.

The value of social justice and the value of national unity must be reflected in the objectives of legislation. Without this principle, it is possible for legislation to be biased towards certain schools of law, such as the economic school of capitalism, the economic school of socialism and the economic school of Marxism. According to Elly, the statutory regulations which implement Article 33 of the 1945 Constitution contain many irregularities. There are at least 20 laws and regulations that have a capitalistic spirit (capitalism) or market-oriented spirit (Ruslina 2013), where this spirit is in sharp contrast to the Pancasila spirit which prioritizes the principles of togetherness and kinship. The capitalistic spirit is the spirit of individualism which is reflected in the free market economic system.

History of the Philosophy of Economic Law

The history of the development of Indonesian economic law plays an important role in understanding the dynamics that occurred. In the context of this study, it is important to see whether previous laws and regulations include principles and objectives in each regulation that is formed. The inclusion of principles and objectives is necessary to ensure relevance and responsiveness to face economic challenges from time to time. The term economic law was historically inspired by the ideas of Ronald Coase (1960) through an article entitled "*The Problem of Social Cost*" which later became known as *The Coase Theorem*. From this term, it is stated that the aim of the law or the aim of the legal system must be directed at achieving economic efficiency. The discussion regarding economic law was continued by Guido Calabresi (1961) through an article entitled "*Some Thoughts on Risk Distribution and Law the Torts.*" Guido's opinion was discussed because discussions about economics began to spread to law, such as business competition law, as well as regulations in the industrial sector. Calabresi lays down the basic concepts of economic analysis of compensation (Irawan 2013). In its development, the concept of economic law was developed by Richard A. Posner (1970) through his idea entitled "*the economic analysis of law*". This idea was later adopted in Indonesia and became part of a separate law, economic law.

Even though it was adopted from foreign theories, the drafters of the legislation tried to synergize it with the principles of the Indonesian state. However, this problem is not easy to solve. According to Irawan, the development of Indonesian Economic Law tends to refer to WTO agreements and follows the wishes of foreign parties in the formation of laws. So, many legal regulations in Indonesia in the economic sector have been submitted through material review to the Constitutional Court, and re-interpreted so that they are in accordance with the 1945 Constitution. From several tests it turns out that several articles in the legislation have been canceled because they conflict with the 1945 Constitution, one of which is regarding water regulation. as well as other decisions. Pancasila as contained in the preamble to the 1945 Constitution is *fundamental state norm* based on terminology from Hans Nawiasky, as a *staats fundamental norm*, Pancasila values underlie all values and aspects of the life of the Indonesian nation, including Pancasila as the philosophical basis of the economic system in Indonesia.

Constitutional Basics of Economic Law

The Constitution regulates the basic principles in drafting legislation in the economic field. Article 33 of the 1945 Constitution emphasizes the principle of kinship and the principle of social justice. This principle must be a guide in policy and legislative design, implementation and enforcement of the law, monitoring and evaluation in the direction of economic policy. Amendments to the Constitution bring changes to the economic legal framework. Several economic articles make policies and legislation a free economy. As stated by Elly Ruslina (2013), statutory regulations which are the implementation of article 33 of the 1945 Constitution contain many irregularities. There are at least 20 laws and regulations

that have a capitalistic spirit (capitalism) or a market-oriented spirit, where this spirit is in sharp contrast to the spirit of Pancasila which prioritizes the principles of togetherness and kinship.

Amendments to the Constitution should be linked to the concept of a welfare state as mandated by the constitution. According to Prasetyo, the concept of a welfare state is explicitly contained in the preamble to the Constitution in the fourth paragraph, by including the phrase 'to improve the welfare of society.' This phrase can be referred to as *statist idea* Indonesian country. Then in the amendment to the 1945 Constitution, the principles of economic democracy were stipulated as regulated in Article 33 paragraph (4) of the 1945 Constitution. Economic democracy contains the principles of efficiency and justice which are recognized as capitalistic elements that lift the spirit of neoliberalism (Prasetyo 2012).

The idea of the relationship between the constitution and economic problems grew in the 20th century. This idea emerged due to the emergence of uncertainty in the field of economic law. This uncertainty originates from definitions in concepts, economic governance and economic constitution (Asshiddiqie 2013). Scholars complicate the definition by articulating economic constitutions such as *economic constitution*, *economic constitutional law*, as well as other terms. It is not easy to provide a definition of a concept. Moreover, in legal science which is autonomous, it is not easy to provide concepts from social science to enter into legal theory itself. According to Jimly, an economic constitution is a constitution that constitutionalizes the basics of policy direction in the economic field in addition to the basic policies in the political field. The economic constitution covers the affairs of the real and non-real economic sectors, fiscal, and banking or financial bodies. The aim of implementing constitutionalized economic policy is to increase the relatively optimal economic welfare and economic safety of citizens (Asshiddiqie 2010). For a long time, the founders of countries in the world have considered it important for the economic sector to be managed by the state. If we look further back, in the feudal era the state played an almost comprehensive dominant function in aspects of the world of life (*living world*) includes mercantilist or trading activities in the market domain. However, as time goes by, technological developments with the Industrial Revolution and the birth of laws produced by the bourgeoisie in government have gradually stripped away the role of the state (Marx 2018). Typically, a country that institutionalizes economic policy is a country that adheres to a socialist-communist and social democratic political direction which generally adheres to the tradition of *civil law*. Meanwhile, countries with a common law tradition coincidentally are the countries where capitalism was born, so they are countries with traditions *common law* assumes that economic affairs are not the state's business. Because of this, the constitutions of common law countries usually only regulate constitutional or political aspects (Asshiddiqie 2011). Along the way, the idea of an economic constitution is not only limited to left-leaning countries, even countries that adhere to a liberal capitalist economic system have also recently imitated left-leaning state constitutions by constitutionalizing economic policies but not in an interventionist framework like socialist countries but to limit constitutional government intervention in the

market domain. This is what differentiates the economic constitution between socialist-communist countries and liberal-capitalist countries.

The Soviet Union was the first country to take a communist socialist bent through the Bolshevik revolution led by Lenin, Leon Trotsky and friends who overthrew the Tsar in 1917-1918. In accordance with the ideological concept, it makes sense that the economic system must be centrally controlled by the state. As quoted by Jimly, article 1 Chapter II paragraph 3 letter b of the 1918 constitution states: b. —*All forests, underground mineral wealth, and waters of national importance, all livestock and appurtenances, together with all model-farms and agricultural enterprises, are proclaimed public property*”. According to Jimly, the article reads—*underground mineral wealth, and waters of national importance*”— also used in article 33 paragraph (3) of the 1945 Constitution, namely "Earth and water and the natural resources contained therein are controlled by the state and used for the greatest prosperity of the people." The Constitution of the Soviet Union and several other socialist-communist countries contributed to the formulation of the ideas contained in article 33 of the 1945 Constitution in Indonesia (Asshiddiqie 2010).

In the 1930s there was an economic crisis of capitalism (*great depression* 30) secondly paralyzing countries that enter the international division of labor. At that time, Indonesia was still in a position quite separate from the center of the crisis so that it did not really experience a wave of recession (Rothermund 2008). This is different from capitalist countries in America and Europe. This recession has even forced countries such as Canada and the Scandinavian countries to change their direction to become welfare states. As stated by K.C. Wheare: It was the demands of the economic depression of the 1930s that prompted Canada to amend their constitution which, in 1940, added ‘unemployment benefits’ to the list of issues on which the Canadian parliament could legislate. This depression has created a situation that requires the Canadian government to create a situation that requires the Canadian government to take the initiative in planning the country's economic life. The Depression prompted the Canadian government to exercise the broad powers granted to it under the constitution (Ingleson and Nugraha 2013). As Jimly said, article 36 paragraph (1) of the Canadian Constitution contains the responsibility of the central government to order provincial level governments to reduce the implementation of development programs and reduce social inequality. However, as can be seen in the table, even though the Weimar Republic was the first social democratic country, basically there were differences between the constitutions *welfare state*Weimar and Canada's welfare state. Chapter 5 articles 151-165 of the Weimar constitution (Weimarer Verfassung) which discusses the economy more or less says that state control over the economy is carried out cooperatively with market players while the Canadian Constitution says that the market will be fully facilitated if it is able to provide full employment opportunities (*full employment*) for society (Collins 2017). Even though both constitutions have a Welfare State style, the material content of their economic constitutions is different from each other because the Weimar constitution did not originate from crisis conditions as seen in the post-crisis amendments to the Canadian constitution. As will be

reviewed further, the economic constitution was also a central discourse in both the formation of the 1945 Constitution by BPUPKI and the amendments to the 1945 Constitution by the MPR in 1999-2002.

Before the amendment, Article 33 of the 1945 Constitution showed a clear tendency towards a socialist economic system. This can be seen from the various verses in the article, starting from the family economy, the branches of production and controlling the livelihoods of many people are controlled by the state and control of natural wealth absolutely belongs to and is used for the benefit of the people. This article on the national economy is very socialist in nature because it gives a large portion to the state/government to deal with economic problems. After the amendment to Article 33 of the 1945 Constitution, the shift from socialist to liberalist began. This is clearly seen in the addition of paragraph (4) which includes economic elements other than socialist, such as an environmentally based economy which is stated in the words environmentally friendly. And the most important of these additions is in the phrase "fair efficiency". The principle of efficiency contained in this phrase actually contains liberalist values, where economics does not only discuss shared welfare but must also be efficient. Efficiency itself comes from liberal understanding. In liberalism, profit is everything, so to get it you need to be as efficient as possible in order to get the maximum profit.

Directions for the Development of Indonesian Economic Law

The direction of the Indonesian economic system is among the directions of the world economic system in general, at least which are divided into: economic liberalization, capitalistic economy, socialist economy. The Indonesian state has determined that its economic system does not follow the direction of a capitalist economic system, a liberal economic system or a social economic system. However, in accordance with chapter xiv national economy and social welfare, Article 33 of the 1945 Constitution (1) The economy is structured as a joint venture based on the principle of kinship; (2) Branches of production which are important for the state and which affect the lives of many people are controlled by the state; (3) The earth and water and the natural resources contained therein are controlled by the state and used for the greatest prosperity of the people; (4) The national economy is organized based on economic democracy with the principles of togetherness, efficiency, justice, sustainability, environmental insight, independence, and by maintaining the balance of progress and unity of the national economy. National economic policy must be based on the principles of justice, certainty and usefulness. The objectives of legislation must reflect efforts to achieve equitable and just economic prosperity.

The principle of togetherness and kinship is the basis for the Indonesian economic system, as mandated in Article 33 of the 1945 Constitution. This article is the main pillar of economic democracy and the highest source of law in the economic realm in Indonesia. After the amendment to the 1945 Constitution, Article 33 of the 1945 Constitution underwent changes that reflected shifts in Indonesian economic currents and trends. Before the

amendment, the Indonesian economy focused on the principles of togetherness and kinship. However, after the amendment, the Indonesian economy shifted to the principle of efficiency-fairness. This can be seen from the addition of the phrase "efficiency-justice" in Article 33 of the 1945 Constitution paragraph (4). The principle of efficiency is identical to the liberal economic system which emphasizes achieving maximum profits through optimizing resources. However, in Article 33 of the 1945 Constitution paragraph (4), this principle is combined with the principle of justice. This seems paradoxical, because efficiency is often associated with sacrifices in several aspects, including fairness.

Synchronizing and embodying Pancasila and the 1945 Constitution as guidelines for the Indonesian state is often an obstacle to implementing policies and regulations made by the government. Due to the still broad interpretation of Pancasila and the 1945 Constitution. Policies and legislation in the field of economic law often do not include clear principles and objectives in the regulations. This causes legal uncertainty, as well as obstacles in implementing policies.

CONCLUSION

The basic concept of an economic system is an order regulated by various institutional elements, laws, norms and values that function to direct economic activity. The economic system must be in harmony with the state ideology, such as Indonesia which is based on Pancasila. Economic law in Indonesia aims to create prosperity through four main functions, namely maintaining order and security, development, upholding justice, public education. The history of the development of economic law in Indonesia shows dynamics influenced by the ideology of Pancasila, which is the philosophical basis of the economic system. The constitutional basis of economic law is regulated in Article 33 of the 1945 Constitution which emphasizes the principles of kinship and social justice. Amendments to the Constitution and changes in economic policy reflect a shift towards a free market economy, but must still be in accordance with the values of Pancasila. Historically, the relationship between constitutions and economic issues has become important since the 20th century, with countries with socialist-communist and liberal-capitalist tendencies constitutionalizing their economic policies. This idea leads to the formulation of constitutional economic policies to improve the welfare and economic safety of citizens. [W]

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