Building Legal Foundation for a Prosperous Indonesia: Insights from MPR-RI Four Pillars

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Abstract
Indonesia is a state that openly engages with the opportunities and challenges of global economic liberalization. Several issues arise when international legal interventions clash with the identity, values, and interests of Indonesian nation. Therefore, this study aimed to strengthen the national foundation in facing globalization and ushering in a prosperous era for Indonesia. This doctrinal study was conducted using a conceptual approach, with the perspective regarding the role of law in economic development. It also examined the importance of robust legal foundation to maintain national stability in the midst of global economic changes. The results showed that national legal development was crucial to realizing aspirations for unity, sovereignty, justice, and prosperity. Four pillars of MPR-RI could serve as a guide for every citizen to foster nationalism in the midst of rapid globalization. Furthermore, the spirit of legal foundation in four pillars could guide the formulation of national policies that accommodated global interests without forsaking the identity, values, and interests of Indonesian nation. The idea of four pillars was also developed as the basis for the philosophy of national economic legal development. The results were expected to guide all stakeholders in constructing economic law in Indonesia, thereby achieving prosperity for the entire population.

I. Introduction
This study is aimed at providing a prescription for strengthening the development of economic law in Indonesia based on the perspective of MPR-RI (People Consultative Assembly) four pillars. The participation of Indonesian government in various
international conventions and agreements is in the policy of free and active politics. Consequently, national legal sovereignty begins to face challenges due to international forces interventions. Dialectics arise when the government is tasked with cooperatively adhering to agreements and fulfilling the obligation to uphold the identity, values, and interests of Indonesian nation. This study is conducted by expanding on previous investigations regarding MPR-RI four pillars. It extends beyond merely discussing the position of elements in these pillars or defining each element. The four pillars were positioned as a form of a highly complex philosophical perspective because each plays a distinct role in accordance with its position.

The doctrinal method was used to examine the values that should be incorporated into the development of Indonesian legal system. The conceptual basis includes discussions about the concept of globalization and the impact of the international legal system on sovereignty in constructing economic legal system (Albrow et al., 1994). MPR-RI four pillars, with elements from foundation of Indonesian legal philosophy, shape the perspective regarding the ideal form of legal system and regulations. A legislative approach was specifically developed to examine the series of economic law as well as the strengths and challenges in facing rapid financial globalization. The government needs to balance various national objectives to achieve maximum prosperity by engaging in economic democracy system.

Globalization has introduced new limitations to the existing legal sovereignty in a state (David Held, 1997). According to Elyatul Azizah et al. (2023), the willingness of the government to comply with international agreements requires adjusting national legal substance to the content of global agreements. In a case where the government resists these changes, the state may isolate itself from global progress (IMF, 2002). The government needs a robust strategy to address the challenges and harness the potentials associated with globalization through national legal development. However, the objectives underlying an international agreement may not consistently align with the identity, values, and interests of the nation. In this context, the readiness of the government to confront the influence of economic globalization becomes an issue that requires in-depth examination.

The changing awareness of international law, providing new opportunities for economic actors to dominate the global market, marks the beginning of the need to develop economic law in Indonesia. Rapid changes serve as concrete examples of the national economic legal system inability to predict economic development. These changes include the incorporation of the gig and sharing economy models in worker recruitment, the circulation of cryptocurrencies (Chang, 2019), the use of digital wallets (Aji et al., 2020), and NFT transactions (José M. Garrindo, 2023). Additionally, the government should be selective and cautious in facing the influx of global investments resulting from the approval of Indonesian liberalization processes in economic sector (Yose Rizal Damuri, 2006). Increased investment value and economic liberalization
positively impact national economic growth. However, the government needs to reconsider the agreement between national economic development policies with the values, identity, and interests of Indonesian nation.

The formulation of sustainable economic policies is undeniably a crucial condition that requires immediate attention. As a result, the formulation of regulations in economic sector cannot be carried out without careful consideration. The balance between the desire to continue driving national economic growth should tackle the need to ensure social justice for the entire Indonesian population. This condition necessitates the creation of guidelines for making appropriate economic policies. Consequently, the government strives to socialize MPR-RI four pillars, serving as a guide for the entire Indonesian population in living the national and state lives (Pusat Pengkajian MPR RI, 2014). The pillars are derived from the mandate of Law Number 17 of 2014 concerning MPR, People Representative Council (DPR), Regional Representative Council, and Regional People Representative Council (MD3 Law), which tasks MPR with socializing Pancasila, the Constitution, the Unitary State of Indonesia (NKRI), and Unity in Diversity (Bhinneka Tunggal Ika) (Raden Roro Evitasari Yurika Anggraini, 2022). The pillars also play different roles in supporting the structure of the state. They have different positions and functions, necessitating the socialization regarding the noble values of Indonesian nation. This socialization should guide the government in building the national economic legal system.

A previous study suggested that law could be considered effective when its objectives have been fulfilled and it can serve as a solution to social problems in society (Lawrence M. Friedman, 2009). While law provides a framework for maintaining order, it is not static. Laws can evolve through amendments and new legislation to adapt to changing societal needs and values. This understanding is a form of modern legal studies that seriously considers the correlation between legal product and the impact on social conditions. In this context, MPR-RI four pillars maintain a determined position in legal system of Indonesia and are expected to preserve the spirit of nationalism passed down by the founders of the nation, even as times change. However, the values in the pillars should serve as a guide for stakeholders in determining the direction of national policies. Striving for unity, sovereignty, justice, and prosperity serves as an enduring aspiration for the betterment of Indonesia can be realized.

According to Friedman (Navarro et al., 1997), the effectiveness of legal development forms the basis for the need to create structure and substance of economic law that incorporate the elements of four pillars. This ensures that legal culture of the population remains affiliated with the values, identity, and interests of the nation. Additionally, the process of formulating the structure and substance of this law needs to consider the thoughts of Nyhart on the impact of legal development on economic sector (J. D. Nyhart, 1964). Jeremy Waldron stated that globalization has brought changes to societal lifestyles, requiring a state to be part of the global community (Mandle, 2000). This logic is foundation for the development of international legal intervention in national
sovereignty. Therefore, every process should have guiding values to ensure that government policies can effectively realize the noble aspirations of the nation without isolating itself from global interaction. This balance is one of the elements of Nyhart legal development, with other conditions, such as education, clear definitions, and status, accommodation, codification of objectives, procedural ability, and legal predictability.

Based on the emergence of this unrest, this study aimed to explore the ontological aspects of four pillars in constructing economic laws capable of facing challenges and opportunities arising from the process of global economic liberalization. Therefore, this study is presented in several sub-topics. First, “MPR-RI Four Pillars” provides an understanding of the elements and the positions in the prevailing legal system in Indonesia. Second, the analysis continues by presenting the topic “Legal Development Initiatives.” This topic specifically discusses the history of legal development in Indonesia and the role of four pillars in addressing issues of modern economic law. Third, the “Insights from MPR-RI four pillars” aims to identify the fundamental guiding principles in shaping national policies capable of bringing prosperity to the entire Indonesian population. Fourth, the section “Case Studies” discusses the use of MPR-RI as guidelines for legal reforms in Indonesia. Fifth, this study examines the “Future Implications” of government-built economic policies and offers recommendations to enhance the effectiveness. Finally, the section “Conclusion” summarizes the values of four pillars and emphasizes the crucial role in realizing the welfare of Indonesian population.

II. MPR-RI Four Pillars

The formation of Indonesia as a unitary state caused political upheavals and a lengthy struggle to break free from Dutch colonialism. Foundation for the unity of various ethnic groups, nationalities, and cultures that constitute Indonesia is Bhinneka Tunggal Ika. This spirit of nationalism needs to be a constant reminder for every citizen who enjoys the results of the founders’ struggle. To ensure that the same fighting spirit continues to serve as a reminder of unity, Pancasila is formulated as a national philosophy. These three elements are clearly and unequivocally stated in Indonesian constitution and occupy a special position that cannot be altered by anyone.

The understanding of these four guiding principles is significantly important in maintaining the direction and goals of the state. Welfare, justice, and prosperity form a dome supported by the four pillars, providing shade for the entire Indonesian population. Four main pillars, namely Pancasila, the Constitution, NKRI, and Bhinneka Tunggal Ika play a significant role based on the position in this state structure. Creating an awareness to safeguard four pillars is crucial to ensure that legal culture in the society does not deviate from the architecture envisioned by the founders. The noble values inherited from the freedom fighters have proven to create a spirit of unity across all regions in the country. Therefore, the ontological aspects of MPR-RI four pillars can be understood as explained below.
A. Pancasila as the State Ideology and Foundation

Pancasila, as a philosophy of national life, is a pillar that plays a significant role in the State Foundation and Ideology. The values are expected to represent the filosofische grondslag that can unite Indonesia while accommodating comprehensive worldviews (Daryanto, 2013). Engaging in the principle of cooperation, the founders aimed to instill a sense of kinship as the binding force for the entire Indonesian population. Through this collective spirit, the aspirations of the nation are built on foundation of humanitarian values and noble character (Nelly Marhayati, 2021).

According to (Syahrul Kirom, 2011), these fundamental principles inspired the formulation of the five principles (Pancasila), considering the interests of all groups without distinguishing ethnicity, race, religion, or other regional factors. First, the practice of the value “Ketuhanan Yang Maha Esa”, which means Belief in the One and Only God, serves as a unifying pillar for a nation with diverse religions and beliefs. This first principle represents tolerance among various religious communities, ensuring a smooth running of the freedom to engage in religious teachings. As a sign of reverence to God, Soekarno also declared that the proclamation of Indonesian independence was a grace granted by the Almighty. Every citizen is expected to adhere to the religious values as a moral and ethical foundation.

Second, the principle of “Kemanusiaan yang Adil dan Beradab”, meaning a Just and Civilized Humanity, is evidence that the founders introduced the ability to accommodate international legal values aligned with the personality of the nation. This principle shows the importance of human rights protection, acknowledging human dignity as beings with intellect, feelings, and creativity. Therefore, rationality in actions should be based on noble morality derived from divine morals with humanitarian values. This principle also reflects individual freedom in action, showing the commitment of the state to practicing a policy of free and active politics while contributing to world peace based on perpetual peace and social justice.

Third, “Persatuan Indonesia” (Unity of Indonesia) is a guiding principle that shows the importance of nationalism. The history of the nation records that Indonesia was formed from diverse cultures, ethnicities, religions, and tribes. Regional struggles failed to secure independence from centuries of colonialism. The awareness to unite differences and jointly strive for a noble goal led the nation to independence. According to (Yoga Putra Semadi, 2019), this spirit of unity is expected to persist in society, fostering peaceful coexistence without division.

Fourth, the formulation of life philosophy is also built on the value of “Kerakyatan yang Dipimpin oleh Hikmat Kebijaksanaan dalam Permusyawaratan Perwakilan”, meaning democracy guided by the inner wisdom in the unanimity of deliberations among representatives. Democracy is the basis for the procedure of having a representative council as a body with the authority to articulate the interests of the population. Meanwhile, the inner wisdom represents the value of divinity, humanity, and unity in
the preceding principles. This value is evidenced by Moh. Hatta attempted to ensure that Indonesian government was not solely driven by the voice of the majority. Democracy in Indonesian population should be grounded in the rationality of local wisdom upholding justice for all elements of the nation (Ali Mudhofir, 1996). This value also prevents control from political elites and business figures that could potentially disrupt social balance. Furthermore, government impartiality is required in the policy-making process to ensure the benefits of decisions accommodate the interests of the entire Indonesian population in the future.

Lastly, all the values in Pancasila should be used to realize the principle of “Keadilan Sosial bagi Seluruh Rakyat Indonesia”, meaning Social Justice for the Entire Indonesian Population. The application of economic and political democracy is a means to achieve social justice and well-being upholding values of equality, emancipation, and participation. This concept supports a balance between collectivism and individualism, ensuring the recognition of private ownership by the government without forsaking its social functions. In addition, this value also underlies the formation of the government authority to control essential sectors for the benefit and prosperity of the entire Indonesian population.

As an abstract philosophy, Pancasila is expected to manifest in every legal regulation made by the government. According to (Kelsen, 1991), Pancasila holds the position of a grundnorm, providing validity for positive and non-positive law in Indonesia. The position of Pancasila as a grundnorm also places it as a primary pillar in the constitutional structure. The principle of mutual cooperation, with the values of divinity, aimed at realizing a united, just, and prosperous Indonesia in the framework of economic democracy. This is led by inner wisdom and serves as an ethical and moral standard guiding every decision-making process. According to (John Stuart Mill, 1863), Summum Bonum, meaning the highest good is a form of goodness inherent in humans. This wisdom had been granted to humans by God to serve as foundation of ultimate truth. It is also the roots of a tree that may not always be visible but can become a strong and resilient foundation.

Based on these considerations, the role of Pancasila as a grundnorm becomes foundation for the moral law in Indonesia. According to (Kant et al., 2012), moral law is expected to fulfill the principles of categorical imperatives. First, law should bring about good when carried out by everyone. Second, it should dignify humans, refraining from exploiting individuals to achieve an objective. In this perspective, the values of divinity underlying all principles in Pancasila constitute foundation of moral truth containing virtuous values that undoubtedly bring good to everyone. Democracy guided by inner wisdom, carrying values of humanity and social justice, supports the unity of Indonesia. Therefore, the unity of these values clearly and firmly shows that Pancasila highly upholds human dignity as part of humanitarian values. This disapproves of actions that exploit others for specific interests. Social justice for the entire Indonesian population is
the objective envisioned by the founders of the nation. The interconnectedness of values in Pancasila further solidifies its position as the nation philosophy with the highest moral values, serving as the basis for every government policy and legal product.

B. Indonesian Constitution

The supremacy of law is the recognition of the government authority limits and the constitutional rights of citizens that should be safeguarded. Therefore, the constitution plays a significant role in validating legislation in Indonesia. The constitution in Indonesia has experienced historical changes over time (Butt & Lindsey, 2018). Since Soekarno proclaimed the independence of Indonesia, political commotion in the state have led to changes in the prevailing constitution. The 1945 Constitution became the first to be applied in the state. A statement showed that Indonesia was established as a unitary state. However, despite having just gained the independence, the conditions were not yet stable and the process of state administration had not reached optimal efficiency (H M. Sahat Radot Siburian, 2022).

Over four years, the government system of Indonesia tended toward a parliamentary model, diverging from the intended presidential model. This situation was further complicated by the divisive politics launched by the Netherlands, leading to the replacement of the 1945 Constitution with the United States of Indonesia (RIS) Constitution. This change resulted in the adoption of a federal government system. The Round Table Conference in 1949 approved the RIS Constitution, transforming Indonesia into a singular state in the RIS, alongside regions like East Sumatra and Pasundan (West Java). However, Article 186 empowered the Constituent Assembly and the Government to promptly establish a constitution, considering the RIS as temporary.

Based on the mandate of the RIS Constitution, from 1950 to 1959 (Aman Yosef Datu Widiarko, 2016), Indonesia used the Provisional Constitution which reduced the 16 RIS states to three, namely Indonesia, East Indonesia, and East Sumatra. Some articles in the RIS Constitution mandated changes, thereby prompting the government to elect members of the Constituent Assembly in December 1955. However, Soekarno issued a decree on July 5, 1959, that Indonesia would revert to the 1945 Constitution due to the lack of progress in the meeting of the Constituent Assembly.

The reiteration of the 1945 Constitution reaffirmed the form of the Unitary State of Indonesia (NKRI). Consistent with the mandate of the 1945 Constitution, the president held the Heads of State and Government roles. However, the highest authority resides with MPR and the President worked based on mandates from MPR. The 1945 Constitution granted MPR the authority to establish the Broad Outlines of State Policy guiding the President on the programs to be implemented (Imam Subkhan, 2014). Despite running smoothly, this government system encountered challenges from students, resulting in the reform process that amended the 1945 Constitution.
Contrary to the previous change, this amendment did not alter the preamble of the 1945 Constitution, ensuring that the form of the state remained unchanged. The 1945 Constitution experienced four amendments from 1999 to 2002 and the results are still in effect today. This amendment process brought about changes in the power relations among state institutions. **First**, it introduced a check and balance mechanism among the executive, legislative, and judicial institutions. This change removed the subordination of the President, restoring the authority to enact laws to DPR with the continued approval of the President.

**Second**, the reform brought changes to the relationship pattern between the central and local governments. The role of local governments was strengthened in the new constitution. **Third**, the changes also targeted the direct election process of the president, vice president, and regional heads. This mechanism was expected to enhance the quality of democracy in Indonesia. **Fourth**, changes in the structure of interaction among state institutions also affirmed the independence of the judiciary in deciding a case. The effort supported the function of a check and balance mechanism. This is because the Constitutional and Supreme Courts could conduct a review process to ensure the constitutionality and validity of legal products created by the legislative and executive institutions. **Lastly**, the 1945 Constitution was also made to refine the existing state system in Indonesia.

According to (Raz, 1980), legal system is a form of institutionalized normative system. The supremacy creates a hierarchy, ensuring the validity of each law in a certain chain. In present-day Indonesia, the amended 1945 Constitution has the highest peak in the applicable legal system. Therefore, all legal provisions need to comply with the limitations set by the Constitution. According to Raz, in addition to the existence of supremacy, legal system needs to be open, allowing the entry of legal norms from other normative systems. In this situation, the 1945 Constitution provides only general guidelines, enabling the creation of various derivative rules in a more specific manner. This provision allows for the ratification process of international agreements deemed consistent with the values mandated by the Constitution.

Based on the explanation, constitutional amendments in Indonesia resulted in a shift in the power relations among state institutions. This is because the Constitution plays a significant role in determining the norms and limits to be observed in the nation life. The mandate of the Constitution designating Indonesia as a Unitary State forms the basis for all legal relations and the implementation of the government system. Similarly, when the Constitution mandates a change in the form of Indonesian government and adopts a federal system, the relationships between regions in the RIS jurisdiction also change and stand as separate states.

The decision to retain the preamble of the 1945 Constitution and the content, ensuring that the form of the state is NKRI, cannot be altered through amendments and has become the highest law in the state. According to the statement of Miriam Budiarjo,
power is a form of relationship between the governing council and the governed. Similarly, considering Montesquieu’s concept of power separation into executive, legislative, and judicial branches, it can be observed that, despite maintaining the form of NKRI, changes are evident in the power relations in the amended 1945 Constitution. The amendments have at least equalized the positions of the legislative, executive, and judicial branches, enabling the performance of check and balance functions.

The changes in power relations also occur with the strengthening of regional autonomy. As a unitary state, the Constitution divided Indonesia into autonomous regions. The authority held by local governments is then reinforced as a form of jurisdiction to manage the affairs using the principles of decentralization and delegated tasks. Furthermore, strengthening this government system is a means to reinforce the unity of Indonesian state. The power relations among state institutions become a crucial condition to be considered in the context of the study. The development process fitted to the potential and needs of the regions is the strength of regional autonomy. Moreover, the refinement of constitutional provisions in the 1945 Constitution is also carried out to add substance regarding the national economy and social welfare. These values need to be considered as essential factors in determining policy substance and legal structures acting as implementors.

C. The Unitary State of Indonesia

Based on the mandate of the Constitution, NKRI is the recognized and preserved form of the state to date. Examining the historical journey of the nation before the colonization era by the Dutch, it is evident that NKRI was not spontaneously formed. The archipelagic state of Nusantara is a result of the transformation of various kingdoms that ruled for centuries. Despite the changing powers of the kingdoms in this area, some regions eventually submitted to the authority of the colonial government. The term Indunesians came into existence in 1850 as a nickname for the archipelagic region of the Dutch East Indies. This name later changed to Indonesia under the influence of Earl James Richardson Logan.

Indonesia is currently a unification of the archipelago that has occurred and reached its zenith during the reigns of the Sriwijaya, Majapahit, and Mataram kingdoms (Sartika Intaning Pradhani, 2017). The 1928 declaration of the Youth Pledge (Sumpah Pemuda), aimed at fostering unity and instilling nationalism among youths from diverse backgrounds, inspiring the strive for independence (M. Chaesar Woring, 2022). This unity eventually turned the dream of independence into a reality. Acknowledging that the strength of Indonesia is unity, the Dutch government continued attempting to divide the nation by convening the Round Table Conference and proposing a federal form of Indonesian state.

The Integral Motion by Natsir declared in 1950 brought Indonesia back to the form of a unitary state (Dimas Aldi Pangestu & Ajat Sudrajat, 2020). It was stated that unity...
is a power relationship between the central and regional governments. Meanwhile, togetherness is a form of inner attitude that has the spirit to unify differences into a national bond. In 1950, with the presidential decree, Indonesia officially maintained the unitary form of the state. Its territory expanded with the Juanda Declaration, which acknowledged the concept of the archipelagic state. This was recognized by the United Nations based on the United Nations Convention on law of the Sea (UNCLOS) 1982, officially ratified by Indonesian government in 1985 (Tommy Hendra Purwaka, 2014). According to (Raz, 1980), this ratification can only occur when the Constitution is open.

The historical journey of Indonesian nation emphasizes the need to preserve NKRI as a source of strength. Nationalism and the struggle to create social justice for the entire population were the spirits needed to ensure that NKRI remains a strong pillar supporting the eternal ideals of the nation. Strengthening the government system based on the implementation of regional autonomy processes significantly assisted the government in controlling the potential and needs of the population. Furthermore, reinforcing the role of regional governments in developing the potential of the regions increasingly becomes a driving force for national economic growth.

D. Bhinneka Tunggal Ika

Historical records of kingdom collapse and various political commotion triggering separatism have shown that the main strength of Indonesian nation is unity. The spirit to overcome differences in backgrounds constituting the elements of Indonesian nation can thrive through the instillation of Bhinneka Tunggal Ika as the national motto. This motto is formulated as a form of respect for the noble values inherited since the establishment of the Majapahit kingdom with a Hindu influence.

Mpu Tantular, the author of the Soetasoma Book, was a follower of Buddhism who lived peacefully in a Hindu kingdom. In this book, Mpu Tantular teaches that Buddhism and Hinduism are two distinct entities, yet both shared teachings that contained the essence of truth (Hasan Irsyad et al., 2016). Although these entities may be separate, the truth of the teachings remained unified. The spirit eventually led to the agreement by Soekarno, Moh. Yamin, and I Gusti Bagus Sugriwa that Bhinneka Tunggal Ika should be the nation’s motto. It should also reflect the tolerance of the founders who, with full awareness, created a state with cultural diversity (Rizal Mustansyir, 1995).

This spirit of diversity is also evident in the Youth Pledge moment organized by youths from various ethnicities in a building owned by a Chinese, where egocentric tendencies are shed. The variety of tribes and customs shaping the culture of the nation is a social reality that has lived on and formed the character of Indonesian nation. This reality also shaped legal culture in Indonesian society. According to Friedman, legal culture is part of culture in general. The environmental conditions also shape the rationality of an individual in the actions and problem-solving. The present diversity even before the establishment of NKRI has brought the values of tolerance and diversity
as foundation of common truth, forming moral law within society. This spirit of tolerance is crucial to support the functioning of the government system, ensuring that policies are inclusive and not only beneficial to specific groups. Therefore, Bhinneka Tunggal Ika can be perceived as one of the crucial pillars for Indonesian nation to majestically realize the eternal ideals.

III. Legal Development Initiatives

The long history of the struggle by the founders of the nation to grant independence to Indonesia cannot be easily forgotten. Politically, various commotion following the official proclamation of Indonesian independence have shown a lasting influence on the functioning of the government system and national legal development. This is evident in the transition from NKRI to RIS, according to (Donald L. Horowitz, 2013). During the confrontation initiated by the Netherlands, the government system was not stable. The unity of Indonesia was shaken, leading to the formation of states under Dutch control, but the situation did not last long. The temporary constitution at that time allowed for a change in the form of government, quickly restoring Indonesia as a unitary state.

The return of NKRI did not immediately lead Indonesia to achieve the objectives of justice, prosperity, and social welfare for the entire population. The revolution against the Old Order government system still left various unresolved issues. According to the theory of legal effectiveness by Friedman (Lawrence M. Friedman, 1977), analyzing the substance and structure of law can be used as a basic reference in evaluating the success of achieving the regulation objectives. In terms of justice, legal development carried out by the government is not entirely optimal. The legislation governing the courts in the general judicial system and the Supreme Court is one of the causes of this inefficiency. Consequently, law needs to regulate the authority of the judge to ensure justice for all Indonesians (Achmad Edi Subiyanto, 2012).

Issues arose when the Constitution in the New Order era granted significant powers to the President to enact law without recognizing a check and balance mechanism. As a result, legal development of law on the judiciary provided an opportunity for the president to intervene in the trial process (Rachmi Puspitadewi, 2006). In a situation where the President decided to intervene, the trial process had to be halted. Moreover, the President could make decisions without a trial when the case includes state interests or requires immediate resolution.

Legal development in the economy during the New Order era brought about a fascinating development recognized worldwide, making Indonesia the “Asian Tiger.” According to (Erwan Agus Purwanto, 2007), the Five-Year Development Plan program initiated by the government in 1969 aimed to strengthen MSME entrepreneurs. The alignment of the substance or content of a policy, according to Dunn, will apply based on the context in which the policy is implemented (Dunn, 2017). This theory is consistent with the factors determining legal effectiveness when viewed from the perspective
of Friedman. The policy-making context correlates with legal culture prevailing in society. Meanwhile, the formulation of substance and structure is part of determining policy content. Considering the social context in the early days of President Soeharto, the approach and strengthening of MSME became a pro-people policy. The newly independent Indonesia formed a new social community that sought employment opportunities with a simple business model.

In the 1960s, the world was still in the Industrial Revolution 2.0 era, dominated by small-scale production with minimal machine assistance. In 1967, the government began legal development in foreign investment with the enactment of the Foreign Investment Law. This law was created to accelerate national economic development, specifically in priority areas that could not be funded by domestic capital. In accordance with prioritizing the interest of the population, several regulations were enforced, including the prohibition of foreign ownership domination and restrictions on sectors that can be funded by foreign capital. Additionally, the government has the authority to determine investment zones by considering national and regional economic development programs. Equally important is the policy to limit the duration of foreign investment in Indonesia. The effectiveness of these legal developments positioned Indonesia as one of the strongest economies in Asia.

Economic crisis in Thailand had a ripple effect on Indonesia, which experienced setbacks in economic sector, subsequently disrupting political and social stability. Consequently, a wave of reform was voiced by students, leading to a transformation of legal development through amendments to the 1945 Constitution. These amendments resulted in significant changes to the system of government in Indonesia. The changes in the substance of the constitution altered the institutional structure empowered for implementation. Trias Politica shifted the balance of authority among the legislative, executive, and judicial institutions.

The current constitution no longer empowers the President to execute the mandate of MPR and the authority to form law is returned to the legislative institution. Furthermore, the strengthening of the check and balance mechanism is evident in the independence of the judiciary. It is also evident in the ability of the judiciary to conduct judicial reviews of regulations made by the executive and legislative institutions. In adherence to the agreement, the refinement of this constitutional system is carried out. This process emphasizes the preservation of Pancasila as the state ideology, NKRI as the state form, the 1945 Constitution as the constitution, and Bhinneka Tunggal Ika as the national motto. These four elements were developed as MPR-RI pillars. Without diminishing the position of each element in legal system, four pillars ensured that each plays a crucial role in maintaining the structure of the state to achieve the objective of creating a just and prosperous Indonesian nation.

In the current era of reform, concurrent with the onset of globalization and the Industrial Revolution 4.0, significant challenges are encountered. Referring to the theory
of globalization by Martin Albrow, this phenomenon marks the emergence of a global community where legal boundaries are no longer visible. Consequently, state sovereignty should be influenced by global agreements and international legal systems. The policy to address economic liberalization process, which runs parallel to the development of the digital economy, is a concrete example of the conditions that should be faced by the government. The four pillars are expected to guide the government in formulating policies that can realize a just and prosperous Indonesian nation. These four pillars bring the values, identity, and interests of Indonesian nation that should be championed by the government without isolating itself from the progress of world civilization.

IV. Insight From MPR-RI Four Pillars

Referring to the theory of legal effectiveness proposed by (Friedman, 1994), the effectiveness of law is determined by the realization or non-realization of the intended objectives behind its enactment. In a situation where these objectives are not fully achieved, an analysis needs to be conducted to examine the fundamental elements of law. According to (Lawrence M. Friedman, 2009), the effectiveness of law implementation process is at least influenced by the substance, structure, and legal culture. The substance of law refers to the material contained in a regulation. To achieve a specific objective, the government formulates a set of rules that contain prohibitions, recommendations, rights, and obligations applicable to the subjects of that law. Subsequently, the formulated legal substance, with a valid chain of reasoning and legitimacy, needs to be implemented. In this situation, legal structure comprises institutions authorized to implement these policies. Both elements are static and formulated in legal framework. A previous study explained that law should be static or not subject to constant changes (Colleen Murphy, 2005). This characteristic is essential for building legal certainty, ensuring that the subjects can precisely understand the actions prohibited or required by law.

Legal culture is the third element in law implementation process, introducing unique dynamics. In a society, the established social life passed down through generations, includes customs and culture. Legal culture is a major part of but specifically shows the level of legal awareness in a social group. This culture shapes their rationality to address issues in the lives. Different social groups may have different rationalities, and this context can influence the success of the implementation of legal product.

The government attempted to address this difference in legal structure by strengthening the regional autonomy system. This is achieved by reformulating the relationship between central and regional governments as contained in the Constitution. In addition, the government emphasizes the importance of the active role of local governments in creating regulations that can support the investment climate through the formulation of the HKPD Law. The government completely recognizes legal culture of a pluralistic society that maintains adherence to customary law, making it a special
area for the government. This is evident in the substance and structure of Indonesian criminal law, as it is gradually acknowledging the resurgence of customary law.

The social construction of Indonesian society is highly diverse, necessitating serious efforts in legal development. This study specifically guides on the importance of the four pillars as a guideline in shaping the substance and structure of Indonesian economic law that is consistent with the values, identity, and interests of the nation in the midst of the demands of world civilization. The formulation of good substance and structure of law as part of policy content is crucial to ensuring the effectiveness of law made by the government. According to (J. D. Nyhart, 1964), law plays a significant role in influencing economic development. This subtopic specifically provides an understanding of the role of each pillar to assist in the development of economic law in the country. Four pillars have ontological values that should be considered when formulating the substance and structure of economic legal policies in Indonesia.

Nyhart asserted that law should have the ability to predict outcomes in a given situation. Predictability can also be interpreted as the ability of law to forecast court decisions. In this case, the values in four pillars play a significant role as a moral law guiding light of the standards of truth for policy actions. Therefore, the development of economic law in Indonesia should be consistent with the principles of mutual cooperation and familial bonds embraced in the Pancasila economic system. Prosperity and well-being for the entire Indonesian population are the desired conditions. In this regard, economic law constructed by the government should be able to predict its effectiveness in stimulating the national economy and also contribute to the maximum prosperity of Indonesian population. This principle needs to be the main guideline of the government in formulating the expected predictions. Pancasila and the Constitution have mandated the importance of a balance between individual ownership and collective benefit.

In creating a series of economic laws, the government needs to establish procedural rules for resolving conflicts. These rules should be oriented towards efficiently resolving economic issues and also consider the values in four pillars. In the fourth principle, the government needs to act with full wisdom and prudence. In this situation, the constitution also guarantees the independence of the judiciary in resolving disputes in the jurisdiction of each judicial institution. The formulation of dispute resolution procedures also needs to accommodate Indonesian diversity. This principle serves as an important guideline to be established, ensuring that economic conflicts of interest do not lead to secession efforts from NKRI.

The development of economic law should have a clear codification of objectives. Legal rules can be created as a means to achieve both short-term and long-term objectives. In a discussion about the process of economic legal development, not all processes can be completed in a short period. The codification of objectives becomes an essential part of formulating the content of legal rules. Referring to MPR-RI four pillars, the long-term goal of economic development was seen in creating conditions for a just and prosperous...
society. In addition, the value of social justice for the entire Indonesian population should also be a specific consideration in determining the direction of national economic policy. As a result, the government needs to create a national development direction, consistent with economic values of Pancasila.

According to (J. D. Nyhart, 1964), law should be used to create a balance. This balance is closely related to the ability of the government to optimize the objectives without sacrificing other interests. In this context, economic development is one of the main goals of the government. However, this does not imply that the government can adopt policies violating human or other fundamental rights. As a guiding principle in policymaking, the values of social justice for the entire Indonesian population and the economy are the balancing factors for government policies. The government cannot pursue the optimization of economic development solely using liberal or communist approaches. Pancasila and the Constitution distinctly articulate the thoughts of the founders of the state, translating economic system as a form of balance between individual ownership and social function.

The next aspect relates to the definition and clarity of ownership status. Legal status should be provided by the development of national economic law for the owners of property or other valuable assets. In determining government policies, comprehensive guidance on the process of ownership transfer and the procedure applicable to legal entities subject to these rules should be provided. The presence of law as the creator of legal relationships between subjects and legal objects determines the process of ownership emergence. In a situation where the government creates laws that change an individual ownership status, the process should be accommodated in those rules.

The post-amendment Constitution has mandated that national economic development should simultaneously contribute to social welfare. Therefore, the Constitution specifically states that the land, water, and all-natural resources are to be managed by the state for the greatest prosperity of Indonesian population. This mandate is consistent with the principle of social justice for the entire Indonesian population. In this situation, the government should design the management of important sectors that control the necessities of life for Indonesian society effectively, thereby becoming a source of shared prosperity.

Law should incorporate an accommodation function. This function ensures that the community affected in legal development process can receive compensation or assistance from the government. The government needs to design this to ensure that legal development can provide a sense of justice for all segments of society. This indicator also explains the urgency of implementing a democracy based on economic values of Pancasila. The principle, includes the values of fair and civilized humanity, as well as the spirit of Bhinneka Tunggal Ika as the unifying principle of NKRI, recognizes that the diversity of societal backgrounds should be considered. The ability to adapt is different across social groups (Ahmad Kamaludin, 2022). Therefore, the government must address specific needs to ensure that the formulated economic policies offer a sense of social justice for the entire Indonesian population.
Law should have an educational function to ensure that law has the power to compel a social group to change. In this context, Nyhart emphasized that awareness of new obligations to be fulfilled would shape a habit-forming force (J. D. Nyhart, 1964). Legal development often requires change. law will not function effectively when it mandates the accomplishment of something deemed impossible. Therefore, in formulating law, the government needs to ensure that the requested actions can be carried out by society.

Nyhart emphasized that society was not only expected to comprehend but also capable of executing what was required by law. Furthermore, the formulation of law should prompt society to develop and embrace new habits, fostering a conscious and voluntary willingness to adhere to legal rules. As also stated in the preamble of the Constitution, the government has a significant role in enhancing the wellbeing of the nation. In this situation, the educational function in the development of economic law should be used to enhance the capacity of Indonesian society, thereby fostering new legal awareness and improving the ability to face the associated challenges.

The values contained in MPR-RI four pillars have proven to play a very significant role in determining the direction of government policies. Through consistently remembering and practicing these four pillars, it is expected that the government can effectively shape the substance and structure of Indonesian economic law. The application of values in four pillars will ensure that the development of national economic law is consistent with realizing a just and prosperous Indonesian nation.

V. Case Study

Several cases serve as evidence that legal development plays a significant role in the lives of modern Indonesian communities. These cases include the entry of free trade, gig, and sharing economy models in the recruitment of workers, the circulation of cryptocurrency (Chang, 2019), the use of digital wallets (Aji et al., 2020), and the buying and selling transactions of NFTs (Ulfanora & Almaududi, 2023). By shifting the focus of the study to a broader legal framework, these phenomena become apparent due to the processes of globalization and economic liberalization in various parts of the world. A previous study showed that globalization has introduced new awareness and unseen issues (Albrow, 2004). The global economic community began to take shape following the initiation and creation of WTO as an organization governing the mechanisms of world trade. WTO then reached agreements among the members to engage in free trade according to the terms established in FTA (Sony Vebiyanto & Hastarini Dwi Atmanti, 2022). This mechanism applied to the liberalization of investment, trade in goods, and services. Participating states were required to eliminate non-tariff barriers, implement national treatment, and remove restrictions on foreign ownership of service providers in specific sectors, such as law, construction, education, finance, health, maritime, and energy.
This study focused on the effort of the government to realize a just and prosperous nation as part of the achievement of Indonesia Emas (Golden Indonesia). Consistent with the codification of these objectives, the government continues to drive the development of economic law to meet the targets of the SDGs and also promote the recovery of the national economy following the COVID-19 pandemic (Yunus Husein, 2022). From a perspective, with the processes of globalization and financial liberalization, various opportunities arise, including increased investment rates, foreign direct investment, easier and cheaper importation of goods, as well as an increase in employment opportunities. However, concerns arise that necessitate government attention when responding to the opportunities arising from financial liberalization, particularly the resilience of the national economic system.

As mandated by Pancasila and the Constitution, the development of national economic law should not solely be guided by growth figures while dedicating itself to the realm of liberal economic policies. The objective of economic development should also incorporate aspects of benefit for the entire Indonesian population. Therefore, the government should genuinely ensure that financial liberalization policies are balanced by measures capable of reducing social inequality and simultaneously strengthening the competitiveness of national economic actors. According to Nyhart elements of legal development, law constructed by the government should provide predictability, education, balance, and accommodation.

In facing the free market, the government can anticipate that the establishment of economic legal system will be influenced by international agreements. There is a need for balancing factors, such as policies to strengthen the skills and competitiveness of local products. While codifying the objectives, these policies may not explicitly show short-term objectives. However, the achievement of Indonesia Emas (Golden Indonesia) can be realized by capitalizing on opportunities in the free market. Despite similarities to the New Order era, which supports strengthening MSME as a means to build the national economic system, legal culture differences arising from globalization are factors anticipated by the government.

Guided by the values of four pillars, the policy of the government to participate in global trade trends will not diminish the values, identity, and interests of Indonesian nation in creating a just and prosperous society. As a reference, the government needs to at least formulate the substance and structure of economic law that is guided by:

1. The implementation of economic democracy system based on Pancasila economics to anticipate the negative impacts of global economic liberalization.
2. Efficient dispute resolution procedures that prioritize justice for the entire population to maintain unity and solidarity.
3. Establishing a perpetual objective to realize a just and prosperous Indonesian nation based on the principle of mutual cooperation as a guide in formulating the codification of national economic development goals.
4. Balancing interests to optimize national economic growth without diminishing values can build social justice for the entire Indonesian population.

5. Ensuring that the mechanism for changing the ownership status of legal objects is carried out correctly without violating individual ownership rights while maintaining their social function.

6. Accommodating the needs of every social group and ensuring that legal development mechanisms are based on the recognition of fair and civilized human values in the midst of diversity.

7. Building the values, identity, and character of Indonesian nation to be highly competitive in the mechanisms of free trade.

A concrete example of a government policy that accommodated these values is the call of the President to improve the performance of government agencies through increased spending on domestic products (Humas MENPANRB, 2023). This policy was subsequently developed as one of the indicators of bureaucratic reform. The increase in trade competition between local and imported products should have been anticipated by the government when Indonesia decided to participate in the mechanisms of free trade. To address this issue, the government has made efforts to improve market opportunities for domestic products. This is clearly evident in the policy of increasing spending on domestic products for government agencies, considered one of the indicators of the bureaucratic reform process.

This policy simultaneously serves as a strategy to accommodate MSME groups that are not capable of competing internationally. The clarity of definitions and ownership status is also evident in the priority given by the government to domestic products. In this situation, international legal provisions are adhered to, by not imposing rules that restrict the entry of imported goods. The call of the government to prioritize the purchase of domestic products also serves as an educational function, promoting the public to acclimate to goods produced domestically, positively contributing to the overall welfare. This program is also an implementation of thematic bureaucratic reform with a primary focus on improving the economy of the population.

For clarification, this regulation lacks conflict resolution mechanisms because it is included in the category of policies that do not directly regulate economic relations between business actors. The policies included in the program to strengthen government administration have an indirect impact on the long-term national economy. This is evident in the figure indicating the absorption of APBN and APBD for domestic spending reached 762 trillion rupiahs in 2022 (MPR RI, 2023). This figure has a significant influence on the overall condition of the national economy. In lieu of a conflict resolution mechanism, the government provides incentives for agencies showing an increased use of the budget for domestic spending purposes.
VI. Future Implication

The program of the government to increase domestic spending for institutions is a support for the overarching framework of national economic law under construction. Although imperfect, legal rules related to the impact of economic liberalization in Indonesia need to be addressed promptly. The agreement for Indonesia to be bound by the progressive liberalization process in various service sectors led to legal connection between national law and international legal provisions. This condition is clearly different from legal culture built during the era of President Soeharto. In the New Order era, globalization and global trade agreements were not in existence, granting the government complete sovereignty to impose limitations in shaping national direction and policies.

With globalization and interventions from international law, the government can no longer withdraw and isolate itself from the interactions of the outside world. Therefore, there is a need for synchronization between indicators that enable law to influence the economy and the values in MPR-RI four pillars to enhance national economic resilience. This guideline is crucial for developing national economic law capable of delivering social justice to the entire Indonesian nation. The commitment of the government to ensuring that elements from these four pillars can serve as an ontological basis for policy formation is crucial to maintaining the integrity of the NKRI. The values, identity, and interests of the nation should serve as a unifying force for a diverse society. Therefore, a national character accustomed to practicing noble values inherited to shape rationality and awareness for the development of legal culture will be formed.

VII. Conclusion

In conclusion, the values contained in MPR-RI four pillars played a significant role in ensuring that the direction of economic legal development in Indonesia was on the right track. The significant influence of globalization on national legal sovereignty should also be addressed with efforts to strengthen national identity, values, and interests. One of the key elements in enhancing the effectiveness of implementing economic law in Indonesia was the educational function of law. By popularizing the core values in four pillars, it was expected that rationality in legal culture would be grounded in moral law and truth standards. These standards were derived from the noble values of Indonesian nation. Furthermore, through the formulation of legal culture, the eternal aspiration to create a just and prosperous Indonesian nation could be realized soon.

References:


