

PANCASILA ECONOMIC SYSTEM: A MILESTONE IN INDONESIA'S NATIONAL ECONOMIC DEVELOPMENT

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ABSTRACT

This study examines the role of law in realizing a welfare state in Indonesia through the implementation of the Pancasila Economic System, grounded in the values of Pancasila and the 1945 Constitution. As mandated by the Fourth Paragraph of the Preamble and Article 33 (1) of the Constitution, national economic development must aim to achieve social justice for all Indonesians. Employing a normative legal method supported by empirical data, the research draws on primary legal sources, including legislation, final court decisions, and official documents from the Supreme Court. The analysis integrates John Rawls' theory of justice and John Stuart Mill's Economic Analysis of Law (EAL) to assess the fairness and effectiveness of current laws and policies.

Findings reveal a significant gap between Indonesia's constitutional ideals and its present economic practices. The dominance of neoliberal policies and weak alignment with the Pancasila-based economy have led to legal outcomes that fall short of delivering substantive justice. Reviving the Pancasila economic model is both a constitutional duty and a strategic response to inequality, poor resource management, and sustainability issues. Strengthening the role of law as a transformative tool—rather than a mere instrument of power—is crucial to ensure that justice is accessible, inclusive, and oriented toward collective welfare. Reaffirming Pancasila as the ideological foundation of legal and economic policymaking is essential for building a just and equitable society.

Keywords: Pancasila Economic Concept, Milestones of the Indonesian Nation, Social Justice for All Indonesian People, Welfare State, Economic Democracy

1. Introduction

1.1. Background

Indonesia is a constitutional state that adopts a welfare state economic system rooted in Pancasila—the nation's unique ideology and philosophy, which sets it apart from other welfare states around the world. According to the Constitutional Court, the fourth paragraph of the Preamble to the 1945 Constitution contains several fundamental principles that collectively express the spirit of the Constitution (Yusmic, Ghofar, and Pasaribu, 2023):

- 1) The 1945 Constitution is a continuation and elaboration of Indonesia's independence proclaimed on August 17, 1945.
- 2) The Constitution was drafted to establish a formal government, as at the time of independence, Indonesia had a defined territory and population but no official governing body.
- 3) The government formed under the Constitution must protect the people and territory, promote public welfare, educate the nation, and participate in a global order based on independence, lasting peace, and social justice.

- 4) Indonesia's involvement in global affairs reflects its awareness as part of the international community and outlines principles guiding foreign relations.
- 5) Indonesia is a republic that embraces popular sovereignty and democratic governance where power lies in the hands of the people.
- 6) The nation is founded upon the principles of Pancasila: Belief in the One and Only God, just and civilized humanity, the unity of Indonesia, democracy guided by inner wisdom in deliberation, and social justice for all Indonesians.

These constitutional values reflect aspirations not only for political independence but also for building a nation that guarantees the welfare and justice of all its citizens. In particular, Indonesia's welfare-state economic system is enshrined in Article 33 (1–3) of the Constitution, which mandates the state to provide employment and ensure a decent standard of living, as well as Article 27 (2), which affirms the right to work and humane living conditions.

This model of a welfare state stands in clear contrast to liberal economic systems, which emphasize individualism. Instead, Indonesia is envisioned as a unified family, where the state plays a central role in managing resources and ensuring equitable welfare. Mubyarto, one of the most prominent advocates of the Pancasila Economic System, championed the original version of Article 33 as a foundational milestone that unified Indonesia's pluralistic society through economic kinship and social justice (Mubyarto, 2004). However, following the Fourth Amendment to the Constitution, the addition of the phrase "efficiency with justice" in Article 33 introduced capitalist elements into the system. This shift has facilitated the growing dominance of private corporations in key economic sectors, diverging from the collectivist and justice-oriented spirit of the original Constitution.

This transition reveals a growing tension between the constitutional vision and the current economic practices. Market liberalization, privatization, and deregulation have increasingly taken hold, often sidelining the collective ideals and justice-based principles that originally guided national economic policy. As a result, socioeconomic inequality has deepened, and the state's role in guaranteeing the welfare of all citizens has weakened. These developments raise critical concerns about the compatibility of today's economic practices with Indonesia's constitutional vision rooted in Pancasila.

This study therefore argues that there is an urgent need to re-evaluate and reaffirm Indonesia's economic system as grounded in Pancasila and the 1945 Constitution. Such a system must restore the nation's historical and cultural identity while emphasizing social justice, economic democracy, and collective prosperity. Reviving a Pancasila-based economic framework is not only a constitutional imperative but also a strategic pathway to address contemporary challenges such as inequality, resource governance, and sustainable development.

1.2. Research Question

How can Indonesia's economic system return to the original Pancasila

principles to better reflect its cultural heritage, amid the recent shift toward capitalism?

1.3. Purpose and Objective

This study aims to analyse the current need for an economic system rooted in the cultural heritage and historical values of the Indonesian nation, with an emphasis on returning to the original spirit of Pancasila. It critically examines the implications of the constitutional amendments on economic policy and advocates for the restoration of a Pancasila-based economic system to achieve social justice and uphold the unique identity of the Indonesian nation.

2. Literature Review

2.1. Principles of Justice in Legal and Economic Thought

The concept of justice has been a central theme in legal and philosophical discourse throughout history, evolving from the foundational ideas of ancient Greek philosophers such as Socrates, Plato, and Aristotle. These early contributions laid the groundwork for justice as a key element of legal and moral philosophy. During the Enlightenment, thinkers like Jeremy Bentham, John Austin, and Gustav Radbruch expanded the discourse, introducing utilitarian and legal positivist perspectives. In modern times, scholars including Herbert L.A. Hart, John Rawls, Ronald Dworkin, Robert Nozick, John Finnis, and Lon Fuller have further refined the theory of justice, striving to establish a scientific and philosophical foundation for its role in law (Tehupeiory, 2021).

John Rawls' theory of justice as fairness is particularly influential. He posits that justice must be grounded in a contractual agreement among free, rational, and equal parties, ensuring legitimacy and fairness in distributing rights and obligations (Rawls, 1995; Hernoko, 2013). Rawls formulates two key principles: the Greatest Equal Liberty Principle, guaranteeing equal basic liberties to all individuals, and a distributive justice principle that manages social and economic inequalities to benefit the least advantaged, alongside ensuring fair equality of opportunity.

2.2. The Economic Analysis of Law (EAL)

The Economic Analysis of Law (EAL) is grounded in the utilitarian tradition, primarily shaped by the ideas of Jeremy Bentham and later developed by John Stuart Mill. This school of thought emphasizes the principle of utility—the greatest happiness for the greatest number—as the primary measure of legal and policy effectiveness. Within this framework, individual welfare becomes the cornerstone of societal welfare, making utility a central criterion in evaluating legal rules (Indrawati, 2014; Marciano, 2009).

EAL emerged as a method of legal reasoning that incorporates economic principles to assess and improve legal institutions. It views legal rules not merely as instruments of order but as tools that can be optimized to maximize overall social welfare. This approach was institutionalized in the mid-20th century, notably through the University of Chicago's Antitrust Project in 1949, which

examined how legal structures affect market dynamics and competition. The field gained further momentum with Ronald Coase's influential 1960 article, *The Problem of Social Cost*, which established a foundational link between legal norms and economic efficiency (Marciano, 2009).

Central to EAL is the assumption of *homo economicus*—the idea that individuals are rational agents who act based on calculated economic self-interest. This perspective aligns with utilitarianism and underpins the belief that legal systems should aim to produce rules that generate the highest net social benefit (Indrawati, 2014).

However, critiques such as those from Denis Lloyd highlight a significant limitation of this approach: the risk of reducing justice to mere procedural efficiency. Lloyd argues that true justice involves substantive fairness, not just formal legal order (Lloyd, 1964). This critique is especially relevant in the context of Indonesia's New Order regime, where strict adherence to legal formalism often overshadowed the broader goals of justice (Tehupeiory, 2021).

2.3. Literature Gap

Several previous studies have addressed aspects of Indonesia's economic system and its connection to Pancasila and the welfare state. Mubyarto's seminal work, *"Towards the Pancasila Economic System: Reformation or Revolution"* (2004), advocates for a return to the Pancasila economic principles as a foundation for national economic reform. Similarly, Pratama (2018) analyzes Indonesia's economic system through the lens of Pancasila and the 1945 Constitution, highlighting legal and ideological frameworks that underpin economic policies. More recently, Riyanto and Kovalenko (2023) emphasize the importance of community participation in realizing a welfare state, focusing on the active role of society in achieving shared welfare.

While these studies contribute valuable insights, there remains a gap in explicitly linking the Pancasila economic system as a unique economic concept that serves as a foundational milestone for Indonesia's nationhood and as a direct expression of social justice for all Indonesian people. Unlike previous research, this study aims to explore the relevance of the Pancasila economic system not only as a philosophical or legal framework but as a holistic economic model that embodies Indonesia's cultural heritage, historical values, and the nation's collective pursuit of social justice. This perspective is crucial, especially in light of the ongoing shift towards capitalist influences within the national economy, which may diverge from the original spirit and goals enshrined in Pancasila and the 1945 Constitution.

3. Research Methods

3.1. Research Method

This study employs a normative legal research method complemented by empirical data. The normative legal research is primarily conducted through literature review, focusing on primary legal materials such as laws and regulations, court decisions, and official legal documents.

3.2. Data Collection

This research is based on multiple sources of legal data. Primary legal materials—such as statutes and regulations relevant to the topic—serve as the normative foundation. Case law and judicial decisions with permanent legal force were retrieved from the Supreme Court's official website (mahkamahagung.go.id) to examine how legal norms are applied in practice. The author also consulted a personal collection of legal textbooks and academic literature to provide doctrinal depth. In addition, selected jurisprudence from cases involving unfair business competition was analyzed to offer concrete illustrations that support the legal arguments presented in this study.

3.3. Research Approach

This study employs two main approaches. First, the statute approach is used to analyze relevant laws and regulations, consistent with Campbell and Glasson's view that legal problems require context-specific methods. Second, the case approach is applied to examine how legal norms are implemented in practice, particularly through adjudicated cases of unfair business competition, which offer practical insights and support the interpretation of legal principles.

3.4. Data Analysis

The collected data are analyzed qualitatively through content analysis of legal texts and judicial decisions. This involves interpreting statutory and constitutional provisions related to the economic system and social justice, evaluating court jurisprudence to assess the enforcement of legal norms, and synthesizing these findings to determine the extent to which law and practice align in addressing the research problem.

4. Results and Discussions

4.1. Justice as Fairness in Rawlsian Perspective and Its Application in the Context of Pancasila Economics

John Rawls' theory of justice offers a normative framework grounded in the principle of fairness, or what he terms "justice as fairness." This concept stems from his view that justice is best achieved through fair procedures rather than through predefined distributive outcomes (Rawls, 2009). At its core, Rawls' theory presumes an "original position" in which rational individuals, stripped of their social status, economic class, and personal interests by a "veil of ignorance," decide upon the basic structure of society. In this context, justice emerges from the agreement of free and equal persons in a fair situation (Rawls, 1995). Rawls asserts that obligations should be assumed voluntarily and that institutions must meet fairness conditions in their constitutional and regulatory foundations to justify the obligations they impose.

This notion of procedural justice aligns closely with the fourth principle of Pancasila—"Democracy led by the wisdom of deliberation and representation"—which underpins economic democracy in Indonesia. Mubyarto, the principal figure behind the concept of Pancasila Economics, emphasizes that economic decision-making must involve all members of society, including the poor and marginalized, through deliberation and consensus. This vision rejects the notion of human beings

as purely rational, self-interested actors (*homo economicus*) and instead affirms the moral, communal nature of humans (*homo socius*), as originally proposed by Adam Smith in *The Theory of Moral Sentiments*.

Mubyarto's critique of Western economic paradigms—particularly the misapplication of American economic positivism to the Indonesian context—resonates with Rawls' concern for fairness and inclusivity in institutional structures. According to Mubyarto, a just economic system must reflect Indonesian values and context (Mubyarto, 2004), not merely import models based on utility maximization or efficiency. In this regard, Rawls' fairness principle supports the argument that economic institutions should be evaluated based on whether they allow all citizens equal opportunity to benefit, consistent with the fifth principle of Pancasila: "Social justice for all Indonesians."

Moreover, the relevance of Rawlsian justice becomes apparent when analysing the current economic condition of Indonesia. The increasing dominance of capitalism and liberalism has eroded the moral and communal foundations of Indonesian society by Joko Riyanto (Riyanto, 2013). He critiques the growing detachment of economic relations from human solidarity and cooperation, replaced instead by competition and profit-seeking behavior. This condition illustrates the very deviation from the deliberative and egalitarian principles embedded in both Rawls' theory and the Pancasila economic vision.

The Indonesian constitution—specifically the Preamble of the 1945 Constitution—reinforces this framework, asserting the state's responsibility to build a just and prosperous society. Scholars such as Basarah and Asshiddiqie argue that the Constitution is not merely political but also social and economic in nature, encapsulating the ideals of a welfare state founded on Pancasila (Basarah, 2017; Asshiddiqie 2010). Thus, the grounding of Rawls' theory in fairness and voluntariness finds congruence with Indonesia's constitutional mandate for social justice.

The author therefore argues that Indonesia's current economic development model, heavily influenced by global neoliberal forces, is misaligned with both the normative ideals of Pancasila and the ethical demands of justice as fairness. A return to the principles of Pancasila Economics—as articulated by Mubyarto and substantiated by Rawlsian ethics—offers a coherent pathway toward a more inclusive and morally grounded economic order. This would entail a reorientation of legal and economic institutions toward deliberative decision-making, equitable access to resources, and the fulfillment of social justice for all citizens.

4.2. Neoliberalism and Its Evolution in Indonesia

The neoliberal model originated from the ideas of F.A. Hayek (1899–1992), who rejected centralized state planning in economic affairs. He argued that state control would inevitably suppress individual freedom and autonomy. David Harvey defines neoliberalism as a theory of political-economic practices that promotes human well-being through the liberation of individual entrepreneurial freedoms within an institutional framework of strong property rights, free markets, and free trade (Sianipar 2018).

According to Jeremy Shearmur (1995), the state in a neoliberal model plays

four main roles: (1) providing a clear legal framework for economic activity; (2) creating a supportive environment for market-based systems; (3) addressing market failures such as infrastructure gaps or environmental damage; and (4) exercising caution in welfare provisions like health and disaster insurance, to avoid excessive public spending (Sianipar 2018). Neoliberalism initially aimed to reduce state intervention and promote a self-regulating market economy (Parmitasari & Alwi 2020).

In Indonesia, the New Order government actively promoted the integration of the national economy into the global system aligned with the principles of the Washington Consensus or neoliberalism (Hutagalung 2012). Beginning in the early 1990s, Indonesia adopted neoliberal policies through the privatization of state-owned enterprises and the liberalization of strategic sectors for foreign investors. The 1997 financial crisis accelerated this shift as the International Monetary Fund (IMF) imposed structural adjustment programs that required subsidy cuts, market liberalization, and the bailout of private debt through the Bank Indonesia Liquidity Assistance (BLBI) scheme. These measures signaled a transformation in the role of the state—from a public guardian to a market facilitator (Pratiwi 2021).

In the mining sector, neoliberal penetration is visible through the 1967 Foreign Investment Law and the 1967 Mining Law, which opened wide access to foreign capital through the Contract of Work (CoW) scheme. This model allowed extensive resource extraction with little protection for surrounding communities, contradicting Article 33 of the 1945 Constitution, which emphasizes the people's welfare. A similar pattern is evident in the palm oil industry, which expanded rapidly after the New Order but favored large corporations over local farmers (Pratiwi 2021).

While these policies are often credited with spurring economic growth, they also introduced serious challenges: the weakening of the state's role in protecting the public interest, the widespread privatization of natural resources, and the marginalization of local communities from decision-making processes and benefit-sharing. Thus, neoliberalism in Indonesia not only marks an economic transformation but also a profound shift in the relationship between the state, the market, and civil society.

4.3. Justice and Legal System Gaps in Indonesia's Economic Governance

This study reveals a fundamental disjunction between Indonesia's constitutional mandate for social justice and the reality of its legal enforcement mechanisms. While Article 33 of the 1945 Constitution explicitly outlines an economy based on collective welfare and social justice, current legal practices in various sectors reveal a tilt toward oligarchic capitalism—a market system that operates within the framework of the domination of a handful of elites (Mahroza 2024). The lack of fairness in legal enforcement undermines the ideals of economic democracy and the Pancasila economy, where justice is supposed to be accessible, participatory, and oriented toward the common good.

In such a system, the market functions, but not fairly; competition is manipulated by groups with privileged access to state power and economic resources. The roots of this tendency can be traced back to the New Order era, when the state systematically laid the foundations of capitalism under the ideological guise

of modernization and growth. Through centralized political control, the regime nurtured the rise of a comprador bourgeoisie—not through open and fair competition, but through clientelist networks. Economic and political privileges were extended to regime allies, including ethnic Chinese conglomerates, selected indigenous business elites, military figures, and the ruling family itself. This institutionalized patronage consolidated an elitist and unequal economic order from the outset (Mahroza 2024).

a) Contract Law: Monopoly and Unfair Competition

The enforcement of competition law in Indonesia continues to face significant structural challenges, particularly in addressing monopolistic practices and unfair market behavior. Although Law No. 5 of 1999 on the Prohibition of Monopolistic Practices and Unfair Business Competition provides a normative foundation for market regulation (Delfina 2025), its effective implementation remains highly dependent on the authority of the Business Competition Supervisory Commission (KPPU). Despite having the mandate to assess and decide on prohibited agreements, KPPU's decisions lack binding legal force without execution from the District Court (Mantili, Kusmayanti, and Afriana 2016). This legal bottleneck renders KPPU ineffective—symbolically potent but practically toothless—leading to protracted judicial processes that are costly and time-consuming for business actors, thereby deterring economic efficiency and access to justice.

The core issue lies in the limitations of the legal framework itself. Under current law, KPPU's decisions do not carry immediate legal enforceability and must first be ratified by the District Court. This requirement creates procedural delays that obstruct enforcement and provide large business actors with opportunities to avoid sanctions through lengthy appeal processes. As a result, although KPPU is formally empowered to issue rulings and impose penalties, its authority lacks practical force because its decisions are neither final nor directly binding. In effect, the commission holds symbolic authority without operational effectiveness.

While it is true that KPPU also faces institutional capacity issues—such as limited human resources, budget constraints, and inadequate monitoring technologies—these challenges are secondary. Without fundamental reform to the legal framework—such as granting KPPU direct enforcement authority, clarifying the appeals mechanism, and streamlining execution procedures—efforts to enhance institutional capacity alone will not resolve the deeper normative bottlenecks.

Therefore, KPPU's ineffectiveness in enforcing competition law stems primarily from deficiencies in the regulatory design itself. The current legal framework restricts the functional authority of the commission and weakens the deterrent effect of legal sanctions on harmful market behavior. Strengthening Indonesia's competitive business climate requires legal reform that firmly establishes KPPU as an independent institution with adequate enforcement power—rather than a referee without a whistle.

b) Land Law: Cultivation Rights and Land Mafia

In the land sector, the community's access to economically beneficial legal titles remains hindered by systemic corruption, particularly land mafia practices. Legal ambiguity and uncertainty often hinder the resolution of land disputes. Many land dispute cases are prolonged in court (Anastasia et al. 2022). Law No. 3 of 2023 concerning Jakarta's special status introduces unprecedented Cultivation Rights lasting up to 190 years, which contradicts the principle of social equity. Rather than democratizing access to land, this policy risks cementing land ownership in the hands of elites, contradicting the spirit of Article 33 (3) of the Constitution, which stipulates that land and natural resources must be utilized for the people's welfare.

c) Intellectual Property Rights: Royalties and Legal Ambiguity

The governance of intellectual property rights (IPR) in Indonesia—particularly regarding copyright royalties—remains fraught with significant legal shortcomings. The core issue lies in the normative deficiencies and ambiguities embedded within the current legal framework. Although Law No. 28 of 2014 formally acknowledges the economic rights of creators, the law lacks clarity on the mechanisms for royalty collection, distribution, and oversight. This legal ambiguity, compounded by regulatory fragmentation and overlapping institutional mandates, has resulted in a pervasive sense of legal uncertainty for creative professionals.

Rather than offering robust legal protection to artists and rights holders, the existing system creates space for prolonged legal disputes, copyright violations, and unequal access to economic benefits. The situation is further exacerbated by limited institutional capacity—manifested in weak law enforcement, a shortage of specialized legal personnel in the IPR sector, and low legal literacy among creators themselves. Nonetheless, the root cause remains a lack of legal coherence and regulatory integration, which renders the current framework ill-equipped to handle the complexities of digital distribution and the modern content economy.

A case that illustrates this normative gap is the lawsuit filed by PT Nagaswara against Halilintar Anofial Asmid and Lenggogeni Umar Faruk (parents of Gen Halilintar) at the Commercial Court in Central Jakarta. Nagaswara challenged the unauthorized use of the copyrighted song "Lagi Syantik" by Gen Halilintar—a conflict that underscores the ineffectiveness of current enforcement mechanisms (Naqsyabandi, Amirulloh, and Ramli 2023). Rather than safeguarding creators' rights, the legal process remains fragmented, reactive, and incapable of providing fair, timely compensation.

d) Mining Law: Corruption and Elite Capture

Perhaps most striking is the systemic failure in the mining legal system, where the mismanagement of natural resources has culminated in large-scale corruption. Recent scandals involving the tin industry illustrate how resource extraction, instead of benefiting the broader public, has been captured by a political-business elite. The massive corruption at PT Timah Tbk has become a grim example of poor governance in state-owned enterprises (Gustiawan, Setyawan, and Fahamsyah 2024). This situation fundamentally violates the

mandate of Article 33 (3) of the 1945 Constitution, which stipulates that natural resources must be controlled by the state and utilized for the greatest benefit of the people, and further alienates the community from participating in and benefiting from the nation's natural wealth.

This institutional failure is not only manifest in corrupt practices but is also embedded in the legal architecture governing the mining sector. For instance, the revision of the Mineral and Coal Law (Law No. 3/2020) centralized licensing authority at the national level, effectively weakening local oversight and public participation. In parallel, the enactment of the Omnibus Law on Job Creation (Law No. 11/2020) further streamlined licensing procedures and relaxed environmental assessments, prioritizing investment facilitation over social and ecological accountability (Sutrisno and Poerana 2020). These legislative shifts indicate a departure from the constitutional mandate of Article 33(3). The inconsistency between legal instruments such as Law No. 3 of 2020 on Mineral and Coal Mining and Law No. 11 of 2020 on Job Creation with the constitutional mandate of Article 33 of the 1945 Constitution reflects a shift in legal orientation—from social justice principles to a market-driven, pro-investment logic. The revision of the Mineral and Coal Law centralizes licensing authority in the central government, grants automatic extension of mining permits to large corporations, and weakens mechanisms for public participation—thus reinforcing elite economic dominance while diminishing community oversight. Similarly, the Job Creation Law streamlines business licensing, reduces environmental review requirements, and weakens legal protections for Indigenous peoples and affected communities. Both laws position the state more as a facilitator of investment than as a steward of natural resources for public welfare. As a result, rather than reinforcing the principles of state control and equitable benefit-sharing, the legal framework increasingly reflects a neoliberal logic that favors extractive accumulation and investor protection—often at the expense of transparency, social justice, and inclusive governance.

e) Employment Law: Job Creation Law and Social Injustice

Law No. 6 of 2023, widely known as the Job Creation Law (JCL), presents another example of economic legal reform that appears to favor capital interests over labor rights. Key articles—such as the removal of detailed protections for temporary workers (PKWT)—disempower workers and create an imbalance in labor relations. The JCL's procedural irregularities and elite-driven urgency during its drafting process indicate a politically motivated approach, rather than one grounded in democratic deliberation (Munali et al. 2023). Recent mass layoffs during the holy month of Ramadan in 2024–2025 further exposed the state's inability to uphold workers' rights and provide economic justice, reinforcing the conclusion that the current employment law regime is not aligned with the principles of a Pancasilaist economy.

5. Conclusions and Recommendations

This study concludes that Indonesia's current economic trajectory increasingly deviates from its constitutional and philosophical roots, moving toward a capitalist system that undermines the ideals of social justice, economic democracy, and collective welfare

as envisioned in the original Pancasila Economic System (PES). Despite the constitutional mandate in Article 33 of the 1945 Constitution and the moral framework established by Pancasila, Indonesia's legal and economic institutions appear to facilitate elite-centered growth rather than people-centered development. The dominance of market logic over moral and social considerations has created systemic imbalances, from unfair contract enforcement and land speculation to weakened protection for labor and creative rights. These developments contradict the egalitarian spirit of Pancasila and threaten the nation's historical commitment to unity through shared prosperity.

To reposition the Indonesian economy in accordance with Pancasila principles, several key steps must be taken. First, the Indonesian government must comprehensively revise economic and legal regulations so that they no longer serve market liberalism at the expense of the public good, but rather uphold values such as humanity, social justice, and national identity. Second, cooperatives and community-based enterprises must be empowered as pillars of the economy, ensuring that the means of production benefit not only capital owners but also the broader society. Third, Pancasila-based economic ethics should be mainstreamed in education, policymaking, and public discourse to cultivate a generation of citizens and leaders committed to a moral and socially just economy.

Further research is needed to develop measurable indicators of Pancasila-based economic justice and to assess their applicability across different sectors—particularly in local economies, digital markets, and green industries. Such research would strengthen the empirical foundation for integrating Pancasila values into contemporary economic governance and help construct a framework for evaluating public policies in terms of their alignment with the Indonesian constitutional mandate for social justice.

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