

THE INTERACTION BETWEEN ECONOMIC INTERESTS AND LAW FORMATION: A MAX WEBER PERSPECTIVE

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Abstract

This study explores the relationship between economic interests and legal formation through the lens of Max Weber's perspective. The key issue addressed is the extent to which economic factors influence legal structures and their reciprocal impact on economic systems. The objective is to analyze how economic rationality shapes lawmaking processes and the implications for modern transactions. The study employs a qualitative method, relying on textual analysis of Weber's works and related legal theories. The findings reveal that economic interests are fundamental drivers of legal predictability, calculability, and stability, which are essential for fostering business growth and investment confidence. However, the tension between formal legal rationality and substantive justice poses challenges to achieving equity. These insights underscore the necessity of a structured legal framework that aligns with dynamic economic needs while ensuring fairness. The results contribute to a deeper understanding of the interplay between economics and law, offering guidance for policymakers to balance economic progress with social equity.

Keywords: *Economic Rationality, Legal Formation, Legal Predictability, Max Weber, Substantive Justice*

1. INTRODUCTION

In examining the intersection of economic interests and legal frameworks, Max Weber's perspective offers a critical understanding of how economic factors shape legal structures. Weber argues that economic interests significantly influence the creation and development of laws, as they dictate the framework within which businesses operate and transactions occur. This is especially evident in modern economies, where legal systems must provide predictability and calculability to ensure the stability of economic activities (Bickford, 2021). Weber's notion of legal predictability plays a central role in facilitating business growth, investment confidence, and overall economic stability. (Gumata & Ndou, 2019)

The urgency of this research arises from the growing complexity of economic systems and the need for laws that adapt to rapid changes in global markets. (Baker & Stratmann, 2021). Legal

certainty is essential for fostering business development and investment, which in turn drives economic growth. However, Weber's analysis also acknowledges the tension between the formal rationality of law and its pursuit of substantive justice. This tension raises important questions about fairness in legal systems and how laws can be structured to serve both economic efficiency and social equity (Sullivan, 2021; Della Porta, 2021).

This study aims to explore how economic rationality shapes the lawmaking process and its implications for modern transactions. By examining Weber's works alongside contemporary legal theories, this study seeks to uncover insights into the relationship between economic interests and legal predictability. The findings highlight how economic rationality can foster growth while also presenting challenges in achieving equitable legal outcomes.(Rachmawati,2017). This research contributes to a deeper understanding of how economic interests and law intersect, offering valuable insights for policymakers aiming to balance economic development with social equity (Schneider, 2021; Knott, 2021).

2. RESEARCH METHOD

This study employs a qualitative research design to explore the relationship between economic interests and legal formation, specifically through the lens of Max Weber's theoretical framework. The activities in this research are structured to analyze Weber's theories and their application in contemporary legal systems. The research is divided into two main components: textual analysis and theoretical examination.

Target Audience Selection: The target audience for this study includes legal scholars, policymakers, and professionals in the fields of economics and law. The selection of this audience is aimed at engaging individuals who can critically assess the implications of Weber's perspective in modern legal contexts.

Materials and Tools Used: The study relies on primary materials such as Weber's original writings and relevant legal case studies, as well as secondary sources including academic journals, books, and reports on law and economics. Tools used in the research include analytical frameworks for interpreting economic and legal texts, and legal databases for case law analysis.

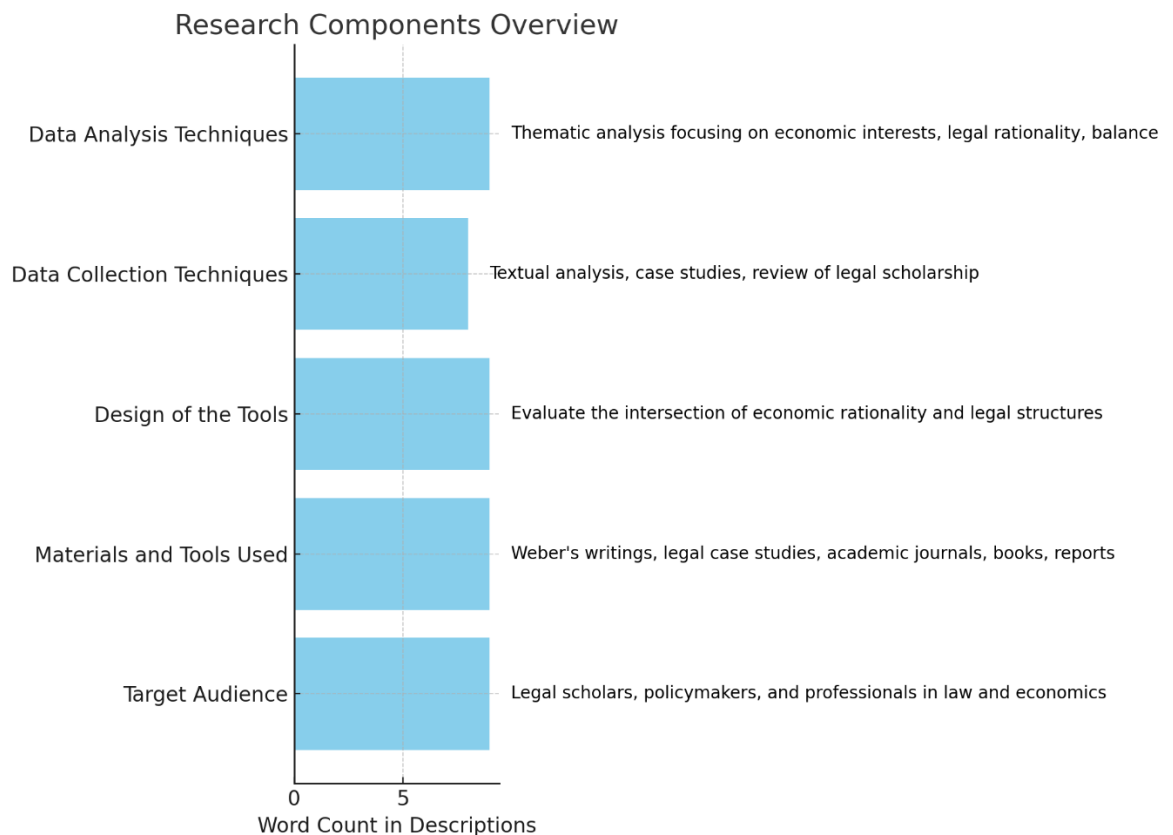
Design of the Tools and Their Performance: The tools are designed to evaluate the intersection of economic rationality and legal structures. Performance is measured by the ability of these tools to extract insights into how economic interests shape legal formations and identify key issues related to fairness and legal predictability.

Data Collection Techniques: Data is collected through a combination of primary and secondary research methods. This includes a detailed textual analysis of Max Weber's key works, complemented by a review of current legal scholarship that addresses the role of economics in legal systems. Case studies from recent legal reforms provide additional empirical insights.

Data Analysis Techniques: The data is analyzed using thematic analysis, focusing on the recurring themes of legal rationality, economic interests, and the balance between legal predictability and substantive justice. This approach allows for an in-depth understanding of how legal systems respond to economic demands and the challenges posed by this dynamic.

By combining these methods, the research aims to provide a comprehensive understanding of how economic interests influence legal systems and the practical implications for lawmaking in contemporary society.

Table 1. components of study, comparing them based on the word count in their descriptions.



3. RESULTS AND DISCUSSION

Result

The research findings highlight the intricate relationship between economic interests and the formation of laws, echoing Max Weber's theory that economic forces significantly influence legal structures. This concept is particularly evident in modern legal reforms, especially in economies where stability and predictability are crucial for fostering business and investment.(OECD Business and Finance Policy Papers – 2021). The findings demonstrate that legal frameworks, especially in trade and business law, are shaped by economic rationality to ensure the smooth functioning of transactions, enhancing certainty and reducing risk.

According to recent studies, legal systems are increasingly structured around economic considerations to support efficient commercial activities. (Della Porta,2021) emphasizes that

economic rationality has become a driving force in lawmaking, as the legal system seeks to provide the necessary conditions for economic growth. This often manifests in the creation of laws that ensure transparency and fairness in business practices, aligning the legal process with the demands of global commerce. Similarly, (Fitzgerald, 2021) argues that laws crafted with an economic focus tend to prioritize market efficiency, offering legal solutions that can facilitate investment and economic transactions while minimizing legal barriers.

The connection between law and economics is also illustrated by the way legal reforms adapt to economic shifts. Legal systems frequently evolve to address emerging economic challenges, such as technological innovations or the integration of global markets.(Caporale et al.2021). For instance, the need for laws in intellectual property and digital transactions has surged, as evidenced in the rapid legal developments around data protection and patenting practices (Fitzgerald, 2021). This reflects the ongoing pressure to align legal frameworks with economic growth, driven by the need for secure and reliable legal structures.

However, the findings also underscore a critical tension identified by scholars like Della Porta (2021), who highlight that laws shaped predominantly by economic interests may inadvertently overlook the social and ethical implications. This tension between economic rationality and social justice has sparked ongoing debates, with legal experts pointing to the potential for such laws to favor certain economic groups over others. Thus, while economic forces undeniably shape legal systems, there remains a pressing need for legal reforms that balance economic efficiency with social equity, ensuring that legal frameworks support both economic development and the broader societal good.(Popkova et al.2020)

Discussion

The research findings affirm Max Weber's idea that economic rationality plays a critical role in the formation of laws, particularly when economic stability, calculability, and predictability are prioritized. These principles are central to ensuring a favorable environment for business and investment. Yet, as Weber suggests, there is an inherent tension between the need for legal certainty and the pursuit of substantive justice, especially when laws prioritize economic efficiency over fairness.

Recent research (Bartels & Grossman, 2021) highlights the growing need for a more balanced legal approach one that combines economic rationality with social equity. Their work calls for reforms in legal systems that ensure economic stability but also address the broader societal impacts of laws, particularly those that disproportionately favor wealthier sectors. This perspective resonates with Weber's claim that while laws driven by economic forces can maintain legal predictability, they often fail to deliver just outcomes for marginalized groups, creating an imbalance in social equity.

The findings further align with legal scholars such as Sudjono Dirdjosisworo (2021), who examines the interaction between formal legal structures and social forces. His work suggests that while laws may be created to serve economic interests, they should not neglect the broader implications on societal well-being. Eugen Ehrlich's view, which emphasizes that law is shaped by both social forces and institutional authority, also finds support here, stressing the dynamic relationship between law, economics, and social justice.

As illustrated by Alan Hunt (2021) in his analysis of the U.S. legal system, legal systems can struggle to keep up with rapid social changes, such as those driven by labor movements or economic inequalities. The failure to balance economic rationality with considerations of social justice leads to a legal framework that often exacerbates existing social disparities.

These insights underscore the need for legal reforms that integrate economic growth with a commitment to fairness. The results suggest that as laws continue to evolve, they must prioritize not only economic development but also the protection of social equity, ensuring that legal systems serve the broader needs of society while promoting fair and just outcomes (Zaiets, 2019).

The relationship between law and social change is intricately tied, as legal systems are often shaped by the evolving needs of society. Law follows societal transformations, adapting to reflect changes in social, economic, and political spheres. This dynamic is seen in the works of legal theorists such as Savigny and Bentham, who offer contrasting perspectives on how law should respond to societal shifts.

Savigny, as cited Bialek & Grossmann (2021), argues that law is a product of social customs and evolves through judicial decisions rather than being imposed from above. He believes that legal norms should reflect the prevailing customs of society, which, when accepted by the people, become law. This view contrasts with that of Bentham, who advocates for a more rational, systematic approach to lawmaking, driven by the state and legal authorities to address societal changes (Morgan, 2017). Bentham's view aligns with the concept that laws should be enacted to manage societal issues proactively, including those arising from economic and social changes.

Eugen Ehrlich, bridging these two views, suggests that law is both a product of societal forces and shaped by state institutions. She emphasizes that law grows within society and is molded through judicial processes. This approach acknowledges both the organic, societal foundation of law and the state's role in formalizing it (Maliska, 2020).

Alan Hunt's observations in his analysis of the U.S. legal system highlight that social and economic changes often outpace the ability of the legal system to adjust, especially when confronted by powerful social movements. Hunt points out that, in times of rapid social and economic change, legal systems can be beset by criticism as they struggle to adapt to new social realities. The labor movement's demands for social legislation are an example of how shifting social dynamics pressure lawmakers to introduce reforms, reflecting the idea that law responds to social change (Hand, 2021).

Max Weber's theory of economic interests influencing legal systems also fits into this discussion. (Lepsius, 2016). According to Weber, economic forces drive legal structures by necessitating predictability and stability in commercial transactions. However, Weber also highlights the tension between formal legal rationality and the need for substantive justice. This tension is evident in legal systems that prioritize economic efficiency over fairness, leading to potential inequities in society (Bickford, 2021).

Roscoe Pound's theory further expands on the role of law in protecting societal interests. He suggests that law regulates interests deemed important by society and must balance competing interests to avoid disparities between protected and neglected interests. This framework calls for a methodical examination of societal interests, assessing which should be protected by law and determining how to achieve a balance between conflicting interests (Pound, 2021).

The interplay of these theories suggests that legal systems must adapt not only to economic demands but also to social justice concerns. The challenge lies in balancing the rational, economic imperatives of law with the ethical need for fairness and equity, ensuring that laws serve the broader interests of society.

Roscoe Pound's classification of interests that should be protected by law offers a comprehensive framework for understanding how legal systems balance competing demands. According to Pound, there are three main categories of interests:

Individual Interests: These involve personal claims or desires, as seen from the perspective of individual life. They include:

- Personal interests (e.g., individual rights)
- Family interests (e.g., familial rights and responsibilities)
- Property rights (e.g., ownership and control of assets)

Social Interests: These reflect demands from a broader societal or political viewpoint and are essential for maintaining social order. They include:

- The interest in peace and order
- Protection of social institutions
- Prevention of moral decay
- Safeguarding human rights
- Ensuring social welfare

State Interests: These pertain to the interests of the state or legal system as a guardian of societal welfare, encompassing:

- The state's role as a legal entity
- The state's responsibility to protect societal interests

In legal practice, these interests guide lawmakers in balancing competing claims to create laws that protect public welfare. According to Pound, the process of lawmaking should consider which interests are most vital to safeguard and attempt to reconcile conflicting interests, often with a focus on the broader social good (Darmodiharjo & Sidharta, 2021).

Pound's theory, which is central to sociological jurisprudence, emphasizes that law serves to fulfill human demands across various levels, from individual needs to societal and state concerns. This approach underscores that while lawmaking cannot avoid the influence of various interests, it is essential that lawmakers prioritize those interests that ensure social stability and fairness. This understanding is still relevant today, as it provides a framework for assessing the role of law in a constantly changing society, particularly as it seeks to balance economic growth with social equity (Soekanto, 2021; Seran, 1990).

The discussion surrounding economic interests as a driving factor in the formation of law, particularly in relation to the theories of Roscoe Pound and Barry M. Mitnick, highlights a fundamental tension between economic priorities and broader societal needs.

Roscoe Pound's View: According to Pound's theory, while economic interests can be a driving force in the formation of laws, it is crucial that these laws do not only serve the interests of a specific group or segment of society. Instead, lawmakers must ensure that the interests of the wider public are considered to maintain social harmony and prevent the dominance of specific economic or political groups. In other words, economic-based lawmaking should be balanced with the overall needs of the society as a whole, preventing laws from exclusively benefiting powerful economic interests.

Barry M. Mitnick's Theories on Economic Regulation (Principles of Banking Regulation ,2019):

Customer Protection Theory: Laws can be made to protect consumers from harmful products or practices.

- Industry Protection Theory: Regulations may favor producers or business interests, ensuring their survival and profitability.
- Bureaucratic Behavior Theory: Government bureaucracies might push for laws that either preserve their current operations or expand their influence.
- Public Interest Theory: This is the most socially inclusive theory, where laws are made with the broader public good in mind, aiming to ensure fairness, development, and balance.

Mitnick's framework allows for a more granular understanding of how economic interests, whether consumer, industrial, or governmental, influence lawmaking. For instance, public interest law is seen as the ideal, where laws are designed to balance various interests and ensure that societal welfare is maximized.

Conflict of Interests and Lawmaking: As Satjipto Rahardjo and others observe, the formation of laws often arises from societal conflict, where different groups or individuals push for laws that protect their own interests. Rahardjo suggests that there are two models of society that influence lawmaking: one based on societal consensus and shared values, and another based on the model of conflict, where differing interests must be reconciled through law. In this context, laws are tools for managing these conflicts and ensuring social order.(Aulia, 2018)

While economic interests undeniably shape legal frameworks, the broader social consequences must be carefully considered. As Mitnick and Pound both suggest, it is not enough for laws to serve narrow economic interests. Instead, the challenge lies in crafting laws that reflect the diversity of societal needs and manage conflicts in a way that ensures justice and social order. This is an ongoing challenge in lawmaking, where balancing these competing interests is crucial for maintaining a just society.(Thakur, 2015-2016)

In the context of Satjipto Raharjo's analysis of society and law, he distinguishes between two models of society that significantly influence the formation of laws:

Model Society Based on Consensus:

This model is characterized by the absence of frequent conflicts within the community. People in such societies tend to have shared values and agreements, which are reflected in the laws that govern them. In these societies, laws are formed from the values and norms that are collectively accepted by the members, with little need to reconcile differing views or interests. The law is a mirror of what the society as a whole agrees upon, leading to a more harmonious legal environment. (Cotterrell, 2017 This scenario often arises in simpler, more homogeneous societies with relatively few people, where consensus and mutual understanding are more easily achieved “Model Society Based on Conflict”:

In contrast, the second model describes societies marked by frequent conflicts and tensions between individuals or groups. These conflicts may arise from differences in values, economic interests, or social power. The laws in such societies are often shaped by the need to manage these conflicts, and they serve as a tool for controlling or regulating social pressures. (Sabatello, 2015). The creation of laws in conflict-based societies tends to reflect the competition for resources, social status, or political power among various groups. Such societies are usually more advanced and heterogeneous, with more defined roles and divisions of labor. They may use law not just as a mechanism for order but as a means of controlling or influencing social dynamics, such as protecting certain classes or preventing external influences. (Kreide - Rawls and Law, 2017).

This understanding how law is formed and applied differently in societies based on their degree of conflict or consensus. (Ding et al. 2019). In conflict-based societies, the role of law becomes more complex, often dealing with issues of power, inequality, and control, whereas in consensus-based societies, the formation of laws tends to reflect collective norms and values, leading to more stable social order. The tension between these models and the ways laws are shaped under such dynamics aligns with Barry M. Mitnick's theories on regulation and Roscoe Pound's emphasis on balancing competing interests.

In Indonesia, the formation of laws, particularly written laws, is a structured process that involves public participation and considers various interests, especially economic ones. The legal system includes both written laws (statutes) and unwritten laws, such as customary laws that are common in different regions. (Illicit enrichment, 2021).

For written laws, the creation process ideally integrates public involvement from the initial stages, starting from the proposal of bills to discussions in legislative forums, such as Public Hearing Sessions (RDPU). These sessions provide a platform for individuals, groups,

and organizations to express their views, ensuring that the laws created are reflective of the public's aspirations and needs. Furthermore, public complaints are an important tool for the DPR (People's Representative Council) to address issues within its authority, including in the law-making process.

As Indonesian society has evolved into a more open, diverse, and individualistic one, the law-making process has faced increasing complexity in balancing the competing interests, especially as societal values differ widely. In the past, the principle of "musyawarah untuk mufakat" (deliberation for consensus) was central to decision-making, especially during the New Order regime. However, in the era of Reformasi, this consensus model has faced challenges as society has become more critical, and unanimous agreement is no longer seen as a necessity in the legislative process.

Economic interests often play a significant role in the drafting of laws, but their actual implementation can lead to varying impacts on society. This aligns with theories discussed by Barry M. Mitnick and Roscoe Pound, who argue that while laws may stem from economic motivations, they must also be structured in a way that serves the broader public interest. The implementation of laws must ensure that they do not favor specific groups at the expense of the larger society, reflecting a balance of interests across different sectors. (Russian Foreign Policy: Interests, Vectors, and Sectors – 2014).

In 2021, Indonesia continued to grapple with issues surrounding the economic focus of law-making, as seen in cases like the Limited Liability Companies Law (Law No. 40 of 2007). Much like its creation under pressure from the IMF in 2007, where Indonesia faced the need for legal reforms to secure financial aid, contemporary laws often reflect the prioritization of economic goals over societal needs.

However, the context in 2021 has changed. While globalization and economic integration still influence Indonesia's legal framework, there is now a stronger push for inclusive development and greater societal participation in law-making. Public awareness, growing civil society activism, and media influence have amplified demands for laws that align with local realities and serve not only economic interests but also social justice.

For instance, the Omnibus Law on Job Creation (2020), which aimed to streamline regulations to attract investment and simplify business permits, reflects the same prioritization of economic imperatives seen in the 2007 law. However, it faced strong criticism from various sectors, including labor unions and environmental groups, who felt it ignored the needs of local communities and workers. The controversy highlighted the disconnect between economic reforms and social equity, echoing similar concerns raised about Law No. 40 of 2007.

In contrast to the Orde Baru era, where policies often favored top-down decision-making and state-centric agendas, the current generation of laws is increasingly scrutinized by stakeholders at multiple levels. As the law-making process becomes more open and

transparent, there is a growing emphasis on consultative procedures and public participation, with mechanisms like public hearings (Rapat Dengar Pendapat Umum, RDPU) and civil society engagement playing critical roles in shaping laws.

Ultimately, 2021 reflects a shift toward recognizing that laws, while essential for achieving economic growth, must also be responsive to the needs of the broader society. This balance remains challenging, but the call for laws to be more sociologically, philosophically, and legally grounded in Indonesia's unique context has become more pronounced, especially in the face of global challenges such as the COVID-19 pandemic and climate change.

The Investment Law No. 25 of 2007 demonstrates a similar dynamic to the Limited Liability Companies Law, as it reflects a dominant economic interest in its formulation, which is typical of laws aiming to boost economic growth. However, it also incorporates the interests of multiple stakeholders, including consumers, businesses, the government, and the broader national interest. This is evident in the law's attempts to balance the needs of the private sector (investors) with public welfare, such as consumer protection.

The law is designed to protect consumers by requiring businesses to follow certain procedures, safeguarding the public from potential harm. Inosentius Samsul argues that the legislature, through a political economy perspective, has carefully distributed roles and protections for these four key stakeholders, highlighting the law's balance of interests. The law also reflects a democratic and populist orientation, acknowledging the importance of not just economic stakeholders but also the broader societal interests. Despite this, the law still places significant influence in the hands of the government and investors, showing the continued role of the state in shaping economic outcomes.

The law's populist character is demonstrated by its aim to cater to public interests, but its implementation has largely benefited investors and government interests, which remain more prominent. While the law provides opportunities for social groups and individuals, it is primarily seen as a tool to attract and protect investment, contributing to the development of high-quality national products and businesses that can compete globally.

Looking at post-2021 policies, the Omnibus Law on Job Creation (2020) can be seen as a contemporary evolution of the Investment Law. It continues to prioritize investment and economic growth but does so with the intention of streamlining regulations to create a more business-friendly environment. However, like the Investment Law, it has faced criticism for sidelining labor rights and environmental concerns in favor of attracting investment, which speaks to the ongoing challenge of balancing economic priorities with social equity.

The Omnibus Law, much like the 2007 Investment Law, represents a top-down approach where the government's role in regulating and protecting investment remains dominant, but the law's long-term goals focus on creating a more competitive and prosperous nation that can support sustainable development and meet global market standards.

The Perppu No. 1 of 2002 on Terrorism was enacted as an urgent response to the Bali bombing and international pressure, particularly from the U.S. and Western countries, to combat terrorism. In the broader context, Indonesia's legal landscape has continued to evolve, especially with more recent laws and policies in place to address security and other pressing issues. To ensure alignment with the legal frameworks established after 2021, it's useful to compare this Perppu with newer laws like the Omnibus Law on Job Creation (2020) and the Terrorism Law No. 5/2018, which amended the previous anti-terrorism laws.

Comparative Analysis:

Omnibus Law on Job Creation (2020): Much like the Perppu No. 1/2002, the Omnibus Law reflects the government's responsiveness to both domestic and international pressures—this time focusing on economic reforms to streamline regulations. Both laws were created in response to urgent needs: the Omnibus Law aimed to boost economic recovery amid the COVID-19 pandemic, while the Perppu on Terrorism was a reaction to security threats.

Relevance to 2021: In a post-pandemic world, Indonesia has continued to prioritize swift legislative changes. The Omnibus Law and Terrorism Law (No. 5/2018) have influenced the way laws are created and reformed in Indonesia—often with economic and national security concerns driving legal actions.

Terrorism Law No. 5 of 2018: This law was an amendment to earlier counter-terrorism legislation and brought about significant changes in addressing terrorism, particularly by broadening the definition of terrorism, expanding preventative measures, and regulating the role of security forces. This aligns with the need for quick, responsive legislation, as seen in Perppu No. 1/2002, but with more emphasis on human rights and democratic processes.

Relevance to 2021: The 2018 amendment continues to serve as the basis for counter-terrorism efforts in Indonesia, reflecting an ongoing need for security but with safeguards for civil rights and rule of law.

COVID-19 and Legal Adjustments: The COVID-19 pandemic catalyzed numerous emergency policies that closely resembled the legal urgency in 2002. Indonesia issued emergency laws for public health, economic support, and security. These laws, such as the Health Quarantine Law (2020), reinforced the concept of legal agility in times of crisis, akin to the rapid introduction of the anti-terrorism law in 2002.

Contemporary Relevance and Evolution:

While the Perppu No. 1 of 2002 was crucial in establishing counter-terrorism frameworks during a time of global uncertainty, the legal evolution in Indonesia post-2021 reflects a stronger emphasis on democratic oversight and the balancing of security needs with civil liberties. The Terrorism Law No. 5 of 2018 and subsequent legal reforms underscore a more structured approach to addressing terrorism, with a focus on prevention

and community involvement, moving away from solely reactive, emergency-based frameworks.

Moreover, like the Omnibus Law, there is a growing trend to integrate national security with economic development, ensuring that legal frameworks can address multiple societal needs simultaneously.

In conclusion, while the Perppu on Terrorism (2002) was a necessary response to international pressures and immediate security concerns, contemporary legal policies continue to build upon this foundation but with more emphasis on balance, oversight, and long-term societal impacts. The shift in Indonesia's legal landscape shows the government's ability to adapt to new challenges balancing global security concerns with domestic welfare and human rights.

In light of the evolving global context and legal frameworks in Indonesia, the creation and adaptation of laws in the future will need to remain responsive to the rapid changes in technology, economic interests, and societal needs. From the perspective of the formation of laws and the sociological approach to law, several factors must be considered.

Relevance to the Legal Framework Below 2021

The perspectives presented in the article align closely with the dynamics of lawmaking up to 2021, where economic interests and the globalization of markets were significant forces shaping legal developments. As Roscoe Pound and Max Weber suggested, law must both reflect the current social realities and ensure fairness. Laws in the modern era increasingly intersect with global trade agreements and international economic systems such as WTO, AFTA, and NAFTA. These legal structures ensure that countries stay competitive and attractive to international investment, as they guarantee legal certainty and investment protection.

However, the question remains: can law solely serve economic interests, or should it also consider justice for all members of society? Richard A. Posner argues that justice should balance the individual freedoms of citizens and their economic well-being. This idea reflects the importance of having inclusive legal frameworks that not only serve the elite or corporate interests but also support small communities and marginalized groups, ensuring their economic welfare.

Globalization, Economic Interests, and Legal Frameworks

As noted in the article, the globalization of economies and the influence of international economic agreements have increasingly shaped the legal landscape in Indonesia. Laws must now provide guarantees not just for local stakeholders but for foreign investors, as seen in the evolving frameworks concerning foreign direct investment (FDI). The need for legal certainty, protection, and harmonization with international standards has become more pressing, given the interdependence of economies.

Kelsen's dual aspect of law, which distinguishes between laws that govern citizens and those that guide legal institutions, is critical in understanding how laws operate in a

global context. Laws that mimic foreign models, without adjustment for the local context, may not always bring about effective solutions for national problems. As the article states, laws that are drafted exclusively to protect corporate interests for instance, laws on investment often fail to address the broader social justice concerns or economic inequalities faced by certain segments of society.

The article's emphasis on the need for balance is key in the post-2021 era, where both national security and economic welfare must be balanced with human rights and justice. The legal frameworks must be dynamic and capable of adapting to rapid societal changes, as they shape the course of society while ensuring economic growth and social justice.

Theoretical Perspectives

The critical legal studies perspective, as described by Sudjono Dirjosisworo, which views law as a tool shaped by power dynamics and social conflicts, continues to be relevant. As Roscoe Pound and Parsons argued, law's function is integrative, aiming to reduce social conflict while facilitating social interaction. Thus, legal reform and legislation should strive for harmony between competing interests while maintaining a commitment to justice.

Moreover, Richard A. Posner and Roscoe Pound emphasize the importance of creating laws that are fair and socially beneficial, promoting individual welfare while keeping in mind the collective interests of society as a whole. These considerations are particularly important in an era of globalized markets, where economic pressures often dominate, and national policies must balance the needs of global investors with the rights and needs of the local population.

4. CONCLUSION

Law and Social Justice in the Constitution The formation of laws as envisioned by the 1945 Constitution of Indonesia (UUD 1945) aims to not only support economic development but also encompass political and cultural growth. This is rooted in the principle of "mewujudkan keadilan sosial bagi seluruh rakyat Indonesia" (to realize social justice for all Indonesian citizens), reflecting a multi-faceted concept of justice spanning social, economic, and political dimensions. This core idea suggests that law should function as a tool for fair and inclusive progress, ensuring that all members of society benefit, not just the privileged few.

Economic Complexity and Legal Frameworks The increasing complexity of economic issues, the integration of national economies, and the role of technology in global trade have led to the development of numerous laws that primarily focus on economic interests. However, these laws often result in misunderstandings among the general public, particularly the common people. As a result, there is a growing need for more robust law enforcement, which guarantees that these legal frameworks are both clear and just. With global trade and technological advancements shaping legal regulations, effective legal

frameworks that are well understood and fairly enforced are essential to ensuring public trust and social stability.

Impact of the Analysis

The implications of the legal reforms discussed above are significant:

Economic Growth and Justice: As laws evolve, it is critical to ensure that they serve the public interest, promoting economic development while also upholding social justice. Striking a balance between economic efficiency and social equity will be key in shaping a progressive and just Indonesia.

Global Legal Integration: The growing global economic integration and the implementation of international legal standards (such as WTO and AFTA) necessitate that Indonesia adapt its laws to these international norms, while ensuring that local values and needs are not neglected. This can have both positive and negative consequences for national sovereignty and the interests of local economies.

Public Legal Awareness: With the proliferation of laws driven by economic factors, particularly those regarding trade and investment, there is an increasing need for public legal education. Misinterpretations of these laws by ordinary citizens can lead to social unrest and undermine public trust in the legal system. Thus, educating the public about legal rights and obligations is a key part of national development.

Law Enforcement and Public Trust: Stronger enforcement mechanisms are essential to ensure that laws are applied fairly and consistently, especially in the context of economic reforms. Law enforcement must focus not only on penalties but also on fostering a culture of legal compliance, which can help build public confidence in the legal system.

The formation of laws in Indonesia and their effects on society require a balanced approach that considers economic interests while prioritizing social justice. As the country navigates the complexities of globalization and technological change, its legal system must evolve to promote fairness, clarity, and accountability across all sectors.

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