THE *PANCASILA’S* ECONOMIC SYSTEM AS A LEGAL REFORM IN THE GLOBALIZATION ERA

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**Abstract**

Pancasila is the source of all legal sources that form the basis for the implementation of the economic system in Indonesia. The purpose of this study is to find out and analyze the economic legal system based on Pancasila which is the basis of the nation's ideology and the basic norms of the Indonesian nation in the era of globalization. The research method uses a normative juridical approach. The results of the study state that the renewal of economic law in Indonesia must be directed to create people's welfare, by relying on the values of Pancasila as the philosophy and way of life of the nation which becomes the guideline in the implementation of every aspect of the life of the nation, state and society. Pancasila contains the principle of "gotong royong" (Teamwork), and that is actually the core of the renewal of economic law which places mutual cooperation as a value that must be realized in the formulation of laws and regulations which then become the basis for realizing social welfare.

**Keywords:** Economic; Globalization; Legal; Pancasila; Reform; System.

A. **INTRODUCTION**

Economic globalization is a global economic life that is open and knows no territorial boundaries, or between one region and another, or there are no boundaries between one country and another. Economic globalization is characterized by the existence of free trade or international trade, as a characteristic of which trade and investment lead to the liberalization of capitalism, so that everyone is free to do business anywhere and anytime in this world.¹

Economic globalization is all activities related to production and distribution among people. Economic globalization on the one hand will open up market opportunities for products from domestic to international markets in a competitive manner and on the other hand also open opportunities for the entry of global products into the domestic market.² The scope of the

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economy is the production and distribution of goods and services. Another opinion, relevant axiology in economic theory, which is directly related to human activities in the economic world, namely (1) consumption, (2) production, and (3) exchange or market activities. This can maintain humans in fulfilling their needs in the form of food, drink, clothing and shelter. Everything has an impact that humans interact with one another.

The global economic journey begins with the facts how big the influence of the two giant systems such as the capitalist economic system and the socialist economy. A country that adheres to a market mechanism model economic system, including a controlled market mechanism as adopted by Indonesia, taxes are a very important and strategic government "instrument". This second economic system makes a major contribution in the field of development that leads to the ability to optimize existing resources.

As a result of globalization and the increase in international association and trade, quite a number of foreign legal regulations or those of an international nature will also be incorporated into national legislation, especially those of a transnational nature that will more quickly be accepted as national law. The interpreted law as an institution of a statutory regulation or law as an institution in the sense of a law enforcement organization, reforms in this field are based on the fact that during the new order law tends to be used as a tool of authority, as a tool of legitimacy or justification for government actions.

In this economic activity, the law is really needed because of limited economic resources on the one hand and unlimited demand or need for economic resources on the other hand, so that conflicts between fellow citizens in fighting over these economic resources will often occur. Sukardi said that the direct existence of law in the economic field, which was reflected by the role of the state, could factually be seen in the role of state administrative law which was very influential in economic life because state administrative law is part of the legislation that applies directly to economic activities in a certain area country.

The purpose of this study is to find out and analyze the economic legal system based on Pancasila which is the basis of the nation's ideology and the basic norms of the Indonesian nation in the era of globalization which is used as a filter on the flow of free trade.

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3 Mohamad Hidayat, An Introduction to The Sharia Economic, Pengantar Ekonomi Syariah Zikrul Hakim, Jakarta, 2010, page.52
4 Lamijan, Problematika Penegakan Hukum Perpajakan (Kajian Tindak Pidana Ekonomi Bidang Mafia Dan Korupsi Perpajakan), Jurnal Pembaharuan Hukum, Vol.1 No.1 January-April 2014, page.41-51
5 Heri Sudarsono, Konsep Ekonomi Islam (Suatu Pengantar), Ekonisia, Yogyakarta, 2003, page.23
6 Edi Setiadi, Pengaruh Globalisasi Terhadap Subtansi dan Penegakan Hukum, Mimbar, Vol. 18 No. 4 October - December 2002, page.443-456
B. RESEARCH METHODS

In this study, the approach used was a normative juridical approach. The normative juridical research method is a legal research that puts the law as a building system of norms. The system of norms in question is about principles, norms, rules of laws and regulations, agreements and doctrines (teachings). This research was conducted on secondary data such as legislation, scientific journals, legal books related to the law of cooperation and agency agreements. While empirical juridical research is research that has an object of study on community behavior. The behavior of the people studied is the behavior that arises as a result of interacting with the existing norm system. This interaction appears as a form of public reaction to the implementation of a positive legal provision and can also be seen from community behavior as a form of action in influencing the formation of a positive legal provision.8

C. RESULTS AND DISCUSSION

1. The Concept of an Economic System based on Pancasila Values

Indonesia is a legal state that makes Pancasila as the basic norm in life and as a nation. HBM Munir said that Pancasila is the Ideology of the Indonesian Nation, meaning that in thinking and acting the Indonesian people should be influenced by the Pancasila ideology, or in accordance with the Pancasila values, so that Pancasila should be a weltanschauung for the life of the state, an ideology has characteristics or differentiators with other ideologies. On the other hand, according to Soekarno, the Pancasila ideology was neither a liberal ideology nor a Communist ideology, the Pancasila ideology was sourced from the noble values of the Indonesian people who had lived for a long time.9

Pancasila is the highest source of law, which means making Pancasila the standard in assessing the law in Indonesia. Pancasila as an ideology will be transformed into a legal system, economic system and social system in Indonesia. Pancasila ideology is a teaching or doctrine about the ideals of the Indonesian nation which is believed to be true by the Indonesian people. As stated in the Preamble to the Constitution of 1945, Pancasila qualifies to be called an ideology.10

Pancasila as a source of material law is determined by the content or weight of the material contained in Pancasila. There are at least three qualities of Pancasila material, namely: first, the content of Pancasila is the philosophical content of the Indonesian nation. Second, the content

9 HBM. Munir, Umi Salamah, and Suratman, Pendidikan Pancasila, 3rd edn, Madina Media, Malang, 2016, page.59
of *Pancasila* as a national legal identity. Third, *Pancasila* does not determine orders, prohibitions and sanctions but only determines the fundamental principles for the formation of law (meta-juris).\(^{11}\)

The implementation of *Pancasila* in the enforcement of the legal system is a general formulation based on broad legal ideals where the basic idea of the will provides direction and purpose regarding the will in order to achieve national legal order. In other words, the ideal of law serves as a guiding guide, directing that national law is truly an embodiment of the noble values of *Pancasila* that can dynamically meet the demands of the times that continue to move forward.

The *Pancasila*’s Economic System is the rule of economic life or economic relations between economic actors based on the ethics or morals of *Pancasila* with the ultimate goal of realizing social justice for all Indonesian people. According to Emil Salim, *Pancasila* Economy is an economic system based on the five precepts of *Pancasila*.\(^{12}\) Furthermore, the *Pancasila*’s Economic System is also known as an economy based on kinship, mutual cooperation and cooperation. These are traditional values rooted in culture.\(^{13}\) Zainol Hasan & Mahyudi stated that the Indonesian economic system refers to the values of *Pancasila* as the ideology of the Indonesian nation whose goal is to realize social justice for all Indonesian people.\(^{14}\)

The *Pancasila*’s Economic System regulates and organizes all economic activities in society, whether carried out by the government or by the private sector based on certain principles in order to achieve prosperity and prosperity. *Pancasila* economy has five characteristics, that: \(^{15}\)

a. the wheels of the economy are driven by economic, social and moral stimuli;

b. the strong will of the entire community towards social equality (egalitarianism), in accordance with human principles;

c. The priority of economic policy is the creation of a strong national economy, which means that nationalism animates every economic policy;

d. cooperatives are the pillars of economics and are the most concrete form of joint effort; and

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e. there is a clear and firm balance between planning at the national level and decentralization in the implementation of economic activities to ensure social justice.

The values of Pancasila as the source of all sources of law consisting of the One Godhead, kinship, mutual cooperation, and harmony must exist in every element of the Indonesian economic law system. This is important because the Pancasila values that are applied to the economic law system cause what is the duty of law in society, das sein in accordance with das sollen. What the law aspires to, namely prosperity and equitable distribution of justice can be achieved, any dispute that is resolved based on Pancasila values can be achieved what is called deliberation and consensus and a win-win solution.\(^\text{16}\)


Pancasila as a way of life for the Indonesian people is the basic norm which guides the interaction between individuals and groups. As a result, the existence of a pluralist Indonesian nation is now under threat due to excessive freedom. The existence of a pluralistic Indonesian nation is threatened if the basic state and constitution (Pancasila and the Constitution of 1945) are not used as a measure and reference in thinking and behaving as citizens, while the onslaught of globalization continues to occur.\(^\text{17}\)

The effects of globalization must be prepared with full responsibility. Globalization through often causes there to be losers and winners. The impact on income distribution arises for two reasons; the factors of production do not move quickly and cheaply from one industry to another, and variations in output have different effects on the demand for different factors of production. Significant differences in the quality and quantity of labor capital, natural resource conditions and socio-political conditions have caused existing incomes to be unequally distributed across regions within the country.\(^\text{18}\)

Globalization which is the formation of the world capitalism system and trade liberalization, in which of course there is a cooperation relationship between strong countries and developing countries in various activities including law. Changes to a global direction and the emergence of various trans-national activists require adjustments through restructuring in the economic process from national to international.\(^\text{19}\)


\(^{19}\) M.Doing, Globalisasi dan Pengaruhnya Terhadap Pembaharuan Hukum Ekonomi Indonesia, \textit{Masalah-masalah Hukum}, Vol. 45 No.1 January 2016, Page.67-74
The actualization of Pancasila in the economic field is by implementing the Pancasila's Economic System which emphasizes the harmony of price and social mechanisms (mixed economic system), not on a market mechanism that targets a populist economy so that people are free from poverty, underdevelopment, colonialism/dependence, anxiety, and a sense of belonging, treated unfairly which puts the government in possession of significant production assets, especially in economic activities that are important to the country and which involve the lives of many people. According to Agus Salim, the Pancasila economy is the rule of the game for Indonesia's economic life by connecting economic actors based on the values of Pancasila. To strengthen the Pancasila economy, it must be internalized and then implemented in the process of education and economic learning. Pancasila economics must be taught starting from the school level so that from an early age the nation's children can recognize the appearance of the Pancasila economy both theoretically and in practice.\(^{20}\)

Development of the Pancasila's Economic System so that it can guarantee and side with the empowerment of cooperatives and medium, small and micro enterprises (MSMEs). In addition, an economy based on Pancasila cannot be separated from the nature of the individual and social. Humans cannot live alone without the help of others to meet all their needs but humans also have needs where other people are not expected to exist or interfere.\(^{21}\)

The economic system according to Pancasila is a system based on the principles of togetherness and kinship, meaning that even though there is competition, it is still within the framework of a common goal so that there is no lethal free competition. According to Palupi Lindiasari, the birth of the Pancasila economic view began with the direction of managing the Indonesian economy which was regulated based on the Constitution of 1945. Because the word "Pancasila" is a way of life that only the Indonesian people have and is the basis of the Constitution of 1945. So the first ontology aspect that we need to discuss is in accordance with the Constitution of 1945.\(^{22}\)

With the implementation of the Pancasila's Economic System, the actualization of the implementation of the economic system can be a filter against the swift currents of globalization that threaten the economic system in Indonesia. Changes in the pattern of the Indonesian economic system are expected to have a dual goal, namely increasing the efficiency of the national economy as well as eliminating various injustices while


at the same time eliminating various economic injustices with the ultimate goal of realizing a just and prosperous society based on *Pancasila*. *Pancasila’s* Economic System in facing globalization The economy is run based on ethical principles in 7 paradigm points, namely: 23

a. Must contribute to the creation of a strong and resilient national economic resilience;

b. must contain the attitude and determination of independence in Indonesian people, families and society;

c. the national economy must be developed towards an economy that is just and highly competitive;

d. economic democracy must be realized to strengthen the national business structure;

e. cooperatives are saka gurus of the national economy, as a movement and forum for people's economic activities, cooperatives as business entities are aimed at strengthening and expanding the business base;

f. business partnerships that are imbued with the spirit of togetherness and kinship that are mutually beneficial must be cultivated and developed;

g. national business must be developed as a joint effort based on the principle of kinship in a market economy system that is managed and controlled by faith and devotion to God Almighty and high nationalism.

Regarding the *Pancasila* economy, Mubyarto put forward five main characters. These five characteristics still have to be developed, grown and fought for in the Indonesian economic system. The five economic characteristics of *Pancasila* are absorbed from the Constitution of 1945 and from the whole soul of *Pancasila* itself. The five are as follows: First, in the *Pancasila’s* Economic System, cooperatives are the pillars of the economy. Second, the economy is driven by economic, social and moral stimuli. Third, egalitarianism, namely that social equality presupposes the fulfillment of the spirit of kinship, mutual love for fellow human beings and brotherly solidarity. Fourth, this section deals with the third principle of "Indonesian Unity". Fifth, reliance on a decentralized system in the implementation of economic activities, balanced with strong planning as a guide for economic development. 24

In the era of globalization, all things with national attributes, for example, are not only charged with ideology, constitution, human condition, nature and national traditions, but undoubtedly also accommodate tendencies contained in international instruments such as conventions, declarations, resolutions, and guides-lines. So, in globalization there has been an internationalization of national law. The *Pancasila* economy is not a new economic system that still has to be

23 Mubiyarto, Reformasi Sistem Ekonomi (Dari Kapitalisme menuju Ekonomi Kerakyatan), Aditya Media, Yogyakarta, 1999, page.43

created to replace the economic system that is now “adopted” by the Indonesian people. The seeds of the Pancasila’s Economic System already exist and have been implemented by some Indonesian people, especially in rural communities in the form of joint efforts based on the principle of kinship.25

The Indonesian people who make Pancasila as the state ideology so that in their economic system they also have the right to refer to this ideology. In the Pancasila ideology, the main thing is the principle of kinship and mutual cooperation which is at the same time in accordance with the mandate of the constitution, Article 33 of the Constitution of 1945. For this reason, the Pancasila’s Economic System is Indonesia’s national economic system, in which society and the nation interact in a spirit of kinship in an effort to increase prosperity and welfare of the people towards the realization of social justice. Justice and social welfare as the ultimate goal of working the mechanism of the people's economic system will be realized if all levels of society without exception can fulfill the rules of the game in economic justice.26

D. CONCLUSION

The reform of economic law in Indonesia must be directed at creating people’s welfare, by relying on the values of Pancasila as the philosophy and way of life of the nation which becomes the guideline in the implementation of every aspect of the life of the nation, state and society. Pancasila contains the principle of “Gotong Royong” (Tea work), and that is actually the core of the renewal of economic law which places mutual cooperation as a value that must be realized in the formulation of laws and regulations which then become the basis for realizing social welfare.

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