



LEGAL DEVELOPMENT CONCEPT STRATEGY AND ITS ROLE IN THE MARKET ECONOMIC SYSTEM.

Imelda Mardayanti

Sekolah Tinggi Ilmu Ekonomi Bina Karya, Indonesia

Corresponding Email: 72nasution@gmail.com,

Abstract

This study addresses the following questions: 1) Is the market economy system working well; and 2) What is the role of law in a market economy and what does pro-market legal development look like? This research is intended to collect secondary data through a literature search of legal materials relevant to legal and economic theories, which is currently conducted using qualitative analysis. This research was conducted using the juridical-normative method and with an analytical descriptive approach. Furthermore, this research comes to the conclusion that a market economy is an economy in which people are free to pursue the highest possible financial gain. Since people are the focus of all economic systems, the government has no function in the economy. However, the government, which in this case serves to regulate laws, is necessary for the market economy to function properly. Without this, the market economy will contract. Without the help of laws, especially economic laws, the market economic system can never function properly to generate wealth and prosperity.

Keywords: *The role of law, law development, market economic system*

A. INTRODUCTION

In today's global economy, more and more developing countries are taking an important role. The infrastructure and industry of these countries have developed rapidly in a very short time. Globalization drives this economic expansion and development. The foundation of globalization is the understanding that an economy functions best when each country specializes in the economic sectors it controls and imports goods from sectors it does not control. Technological developments in the fields of information, communication and transportation have blurred the boundaries between countries, thereby accelerating the process of globalization. However, as the economy develops, social disparities in society also grow larger. The rich are becoming increasingly able to profit at the expense of the poor.

National economic stability is significantly influenced by this situation. Weaknesses in the market economic system that has been implemented by many countries today are the source of the current problems. There is a lot of competition in this economic system. Economic actors who understand science and technology the fastest and can adapt to changes will not only survive, but also thrive. Those who are unable to adapt will be crushed and slumped for a while.

The market economy is one of three global economic systems that have developed over time. A market economy is based on liberalism and capitalism, which ensures that buyers and

Imelda Mardayanti

sellers are free to transact in any way they wish (within reasonable limits). That is why production and market prices are regulated by the law of supply and demand. In this market-oriented economic system, the private sector provides full autonomy to each individual to pursue the highest possible profits. As a result, there is a close correlation between this economic system and capitalism.

With the help of technological advances that drive globalization, powerful economic actors-Astrid Komaruddin, "Market Economic Systems, the Law of the Jungle and the Welfare of Nations"-can accumulate more money and thus develop internationally. Moreover, during this expansion, they can easily cripple economic actors in neighboring countries with inadequate capital. These powerful economic players can dictate terms to players below them, thereby benefiting the strong at the expense of the weak.

Millions of businesses and households make decisions in a market economy, replacing centralized government decision making. The invisible hand, or the principle of Laissez Faire, is the basis of this system's economic management. This idea first appeared in Adam Smith's *The Wealth of Nations*, where he argued that governments should get out of business. Economic activity will become more efficient with individual freedom, leading to stable economic expansion. The state order is also influenced by the market economic system, mainly as a result of the lack of government involvement.

In the 1980s and 1990s, the majority of developing countries, including Indonesia, began the process of transitioning to a market economy. In this system, markets are given more freedom to develop and increase their efficiency, while the government takes less of a role in the economy. The pace of this transition varies by country. Even though we don't say it directly, Indonesia is one of the countries that supports a market economic system. In fact, Indonesia has used this economic system to direct its economy since joining regional and multilateral global trade organizations such as the WTO, GATT, and AFTA. Previously, a market economic orientation had been implemented after the introduction of regulatory policies in 1983 with the aim of improving the performance of the Indonesian market economic system.

However, realistically, implementing a market system is not easy because it requires a specific legislative framework as well as institutional and cultural support. Institutional and legal tools - if they exist - remain woefully inadequate to ensure the smooth and effective functioning of a market economy. Due to these internal reasons, the market economic system that has been implemented cannot function as it should. There are classical and neo-classical economic theories associated with market economic systems which assume that there are no transaction costs and only instrumental rationality in the economy. This idea implies that each person should act according to economic incentives without considering various factors, such as sociocultural, political, legal, and other characteristics, which economists say is impossible. In reality, a market economy cannot function as planned without the support of these sociocultural, political, and legal factors. This results in unhealthy corporate competition and monopolistic behavior, which



inflates markets and hinders economic growth. Aspects of the legal system, especially economic legal institutions, are important components of the supporting structure of a market economy because they provide rules that market participants must follow to prevent them from acting in abnormal ways. Adam Smith's theory that "the end of justice is security from harm" is proven by this, which shows the interdependence between law and economics.

Thus, the development of strong economic laws requires government involvement. Strong economic principles should be able to prevent markets from getting stuck in a failure state. The market cannot guarantee the welfare of society without the support of economic law. Because our current economic legal institutions are no longer in accordance with the implementation of a market economy, Hikmahanto Juwana believes that the concept of adjusting economic legal institutions is very necessary. This is done through legal development, which can be done by adopting foreign laws or creating new legal regulations.

B. FORMULATION OF THE PROBLEM

In connection with the explanation of the previous problem background, the main issues in this research are:

1. Is the market economic system working as expected?
2. What is meant by pro-market legal development and what is the function of law in a market economy?

C. RESEARCH PURPOSES

The following are the research objectives, which are based on the situations mentioned above:

1. To assess, understand and ensure the extent to which the market economic system is running according to expectations.
2. The aim is to provide a comprehensive understanding of the function of law in a market economy and the idea of pro-market legal growth.

D. RESEARCH METHODS

This research uses normative juridical research techniques, using secondary sources and emphasizing literature on market economic systems and the potential impact of law on the implementation of a market economy through legal development. The aim of using a descriptive analytical research approach in this research is to provide a comprehensive picture of the development of law and its role in a market-oriented economy. This research focuses on secondary legal sources, such as scientific papers and articles from legal experts, which are closely related to legal and economic ideas. These sources were analyzed using the literature study method. Through the use of a qualitative analysis approach, the data obtained from the research results is presented in the form of a series of words. Conclusions are then drawn from

the collected research results. As a result, the data analysis carried out did not use numerical values or mathematical formulas.

E. RESEARCH RESULTS AND DISCUSSION

1. Economic System

An economic system refers to the set of principles and actions that govern the behavior of individuals in society, including consumers, producers, and governments, in pursuit of specific economic goals. An alternative way to characterize an economic system is as a network of interrelated organizations that collaborate to achieve specific economic goals. Here, institutions are often understood as a set of standards, guidelines, or methods of thinking. Each country has a unique economic system shaped by the country's political and cultural philosophy and national ideology.

As a result, Indonesia's economic structure will be different from Malaysia, Thailand, Australia, England and other countries. All economic systems ultimately lead to the same goal, namely: 1) achieving a level of social welfare and prosperity; 2) encourage economic growth; 3) achieve economic stability and broad employment opportunities; 4) reduce the unemployment rate; and 5) distribute income evenly across various classes and social strata. Different economic systems around the world have different structures, largely due to the evolution of society's economic ideologies, political philosophies, and cultural values. In essence, a country's historical growth and reaction to the upheavals of the times determine the economic systems that various countries choose. Market economy, centrally planned economy, and mixed economy are the three main types of economic systems implemented in various countries.

First, a market economy, often known as a liberal economy or laissez-faire economy, gives everyone complete freedom to pursue the highest possible profits in every aspect of the economy. This economic system is based on the idea that each economic entity is free to pursue its own goals as long as they are aware that doing so will benefit society as a whole. In the book *The Wealth of Nation* in 1776, author Adam Smith showed how the pursuit of personal economic interests combined with freedom of enterprise was a powerful formula for achieving success. When the government does not interfere in any way or try to influence the economic activities carried out by the community, it will result in a fairly high level of efficiency in managing economic activities in a free market system.

The following are the characteristics of a market system: 1) Everyone is free to own the means of production; 2) There are no restrictions in business and competition; and 3) There is little intervention from the government. 4) Producers are free to determine what and how much to produce; 5) Prices are determined by the free market; 6) Production is carried out with the aim of making a profit, and profit is the driving force behind all



economic activities. Second, socialist economics or central planning is a type of economy that is implemented in communist countries and where all economic activities are regulated by the government. For this reason, everything in this situation needs to be controlled by the government and directed from the center.

A centralized economic system has two characteristics: 1) the state controls all economic resources; and 2) all economic activities must be coordinated. All businesses are owned by the state, which means there are no private businesses; 3) the government makes all decisions about the quantity and type of goods; 4) the state controls prices and distribution of goods; and 5) all citizens work as civil servants. Third, in a mixed economy, people are free to carry out whatever economic activities they want, but the government still monitors and controls the economy. This economic structure combines elements of a market or liberal economy with a socialist or centrally planned economy. The types of economic activities carried out by society are still largely determined by market processes.

The purpose of government intervention in this mixed system is to prevent the adverse effects of a free market economy. There are three (3) ways that the government can use to intervene in the economy. One approach is to implement regulations aimed at regulating and supervising economic activities, ensuring that these activities remain within normal limits. These rules are considered the rules of the game, or the rules that govern society's economic actions. 2) Through the direct performance of economic activities. The number of state-owned companies in Indonesia is an indication of the extent of government participation in this country. 3) By implementing monetary policy to regulate and supervise financial sector operations, as well as fiscal policy to adjust taxes and government spending, the goal is to encourage rapid economic growth while avoiding inflation.

A mixed economic system consists of the following: 1) the government controls important resources; 2) the government makes plans, regulations and policies in the economic sector; 3) the government provides freedom to the private sector in the economic sector within the limits of economic policy; 4) Private property rights over the means of production are recognized, provided that their use does not conflict with public policy; 5) the government supervises social security and income distribution; and 6) market mechanisms determine the type and quantity of goods produced.

In an economy, decisions must be made about what to produce, how much to produce, how to produce it, and how to distribute the finished product. These decisions fall into four categories. Two (2) economic systems that are differentiated based on the processes used to make decisions are the market economy and the command economy. This review shows how market mechanisms, often referred to as pricing mechanisms, or highly decentralized decision making are used by economic actors in a market economy to make

the decisions mentioned above. In contrast, extensive planning or instructions dictate decisions in a command economy.

2. Failure of the Market Economic System

Adam Smith first proposed a market economic system in his book *The Wealth of Nations*, where he called the “market” “the best model of an economic system,” but the operation of this system was consistently fraught with difficulties. Ensuring annual economic growth, where the economy grows continuously, is the goal of capitalism and the market economy.

GDP (Gross Domestic Product), which is the monetary value of all commodities and services in a particular economy, is used to measure economic growth. According to Adam Smith's ideas, the market economic system is the reason behind various downturns, depressions and sluggishness. However, this episode is seen by supporters of the free market system as a normal occurrence in the business cycle. A business cycle takes 8-11 years to occur, according to Clement Juglar. The Juglar business cycle, according to economist Joseph Schumpeter, has four stages: 1) expansion, consisting of rising prices and production and low interest rates; 2) the crisis, consisting of stock market collapses and global corporate bankruptcies; 3) recession, which consists of a decrease in prices and production of goods and high interest rates; and 4) a rebound, which consists of a stock market rebound due to low prices and falling earnings.

The succession of economic activities of countries whose systems are based on commercial operations shows a variation known as the "business cycle". The business cycle consists of expansion stages that coincide with all economic activity, general recession conditions, contraction scenarios, recovery conditions, and so on. All of these conditions combine to form the expansion phase of the next cycle, which can last from one year to ten or twelve years. It is not possible to divide the business cycle into smaller, identically distributed business cycles. The business cycle, often known as the idea of the economic wheel, is the way the economy functions and can function normally under normal (basic) conditions without the need for strict government regulation.

Therefore, the market was able to handle everything in this situation perfectly. In other words, it is as if the invisible hand - a powerful hand controlling the economy from the outside - can make it function automatically. However, a market economy is unable to guarantee perfect operation without sacrificing or jeopardizing the welfare of the wider society. Much data shows that the free market gives rise to many flaws, contradictions, and examples of consumer fraud or loss. Over time, certain manufacturers may even find themselves holding a disproportionate share of the market. Despite the benefits of a market economy such as the provision of more accurate information, the encouragement of entrepreneurs to innovate in their businesses, the encouragement to acquire the latest



skills, the promotion of efficient utilization of goods and factors of production, and the substantial freedom it offers everyone to engage in economic activities; The practical application of market economic systems has proven to be extensive, complex, and challenging to administer, characterized by intense competition.

In the market economic structure there are several weaknesses: Unlimited freedom which leads to oppression of certain groups; Economic activity characterized by significant instability; A market mechanism system that gives rise to dangerous monopoly power; Inefficiency in the supply of certain types of goods through market mechanisms; and Actions of producers and consumers that have the potential to produce negative externalities. From these weaknesses, it is clear that the market economy is still far from ideal, where producers and consumers have difficulty getting adequate market information regarding the price, availability and quality of goods and their sources. In fact, there are instances when acquiring knowledge is expensive, and the existence of economies of scale in a number of important economic sectors creates barriers to entry for potential business actors. As a result, there is a misallocation of resources, which goes against the initial expectations of these countries when they adopted a market economy.

The main cause of failure and decline in market economies is the absence of norms or institutions that guide economic actors in the market. In this scenario, there is a lack and unpreparedness of economic legal institutions as entities that maintain the market. Legal and institutional mechanisms, if they exist, are currently insufficient to effectively and efficiently facilitate the functioning of a market economy. In the absence of a strong legal framework, contracts and business agreements have no practical value, copyright protection is only a nominal concept, and exchange rates or currencies are subject to unpredictable fluctuations.

With a very low level of legal certainty, it is clear that company growth will be hampered. This scenario leads to market failure, referring to the inability of a market economy to function effectively and promote stability in economic activity and growth. Under these conditions, the majority of countries around the world have moved away from a fully market economic system. Instead, many countries adopt mixed economic systems that combine market principles with government intervention to regulate economic activity. Government intervention can be realized through regulations, fiscal and monetary policies, as well as direct involvement in economic activities.

3. The Role of Law in a Market Economy

The main cause of market failure and economic decline comes from the absence of norms or institutions that guide economic actors in the market. In this scenario, the lack and unpreparedness of economic legal institutions as entities that supervise the market play an important role. Legal and institutional mechanisms, if they exist, are currently

insufficient to effectively and efficiently facilitate the functioning of a market economy. In the absence of a strong legal framework, contracts and business agreements have no practical value, copyright protection is only a theoretical concept, and exchange rates or currencies are subject to unpredictable fluctuations. In the absence of legal certainty, it is clear that the company's growth will be hampered. These conditions lead to market failure, namely the inability of the market economy to function efficiently and produce stability in economic activity and growth. In current conditions, most countries around the world have moved away from a purely market-based economic framework. However, many countries adopt a mixed economic system, which combines a market economic system with government intervention to regulate economic activities. Government intervention can take the form of implementing regulations, implementing fiscal and monetary activities, as well as direct involvement in economic activities.

The rule of law is critical to economic growth and has far-reaching implications for improving the economic system, as explained by David M. Trubek, a Professor at the University of Wisconsin, in his thesis on the prerequisites for economic development. Therefore, the market economy and economic legal institutions are basically interconnected, although it is possible that economic legal institutions sometimes lag behind the pace of development of the market economy. However, it is very important for economic legal institutions to consistently align themselves with the progress of the market economy, as emphasized by Adam Smith (1723-1790). The individual in question is a professor specializing in the fields of moral philosophy and legal theory, who instills knowledge of issues of justice in his teaching. Smith stated that the ultimate goal of justice is to protect against harm. Smith's doctrine became the basis of the inseparable relationship between law and economics.

Law has an important role in the economy, especially in maintaining the long-term sustainability of the market economy by influencing the level of predictability in social transactions. According to HW Robinson, modern economics recognizes that individuals' expectations play an important role in shaping their economic actions. These expectations are the main elements that influence people's decisions and ultimately determine economic balance and stability. The decisions made by workers, capitalists, entrepreneurs, landowners, and all customers depend on the tactics they think will produce the best results. Most outcomes in today's complex global environment depend on the accuracy of future events that can be predicted in advance.

4. Pro-Market Legal Development Concept

The main catalyst for government intervention in the economy is market failure, which necessitates the establishment of laws to regulate economic activity. According to Robert W. Gordon, "law" is just one of several systems. Thus, a market economy really needs



government involvement, which functions as a platform for establishing and enforcing the rules of the game.

Smith argues that the role of the state or government is limited to being an observer or spectator, but only to a certain extent ("in partial spectator"). If market mechanisms fail, then the state or government needs to intervene in this situation. Basically, the government only needs to intervene to stabilize the market, especially if the absence of government intervention could cause distortions. Regarding natural monopolies. An important requirement for building an effective legal system in a market economy is the formulation of a comprehensive body of legislation that clearly delineates the limits of individual rights and obligations, and is aligned with a pro-market economic strategy. Immediate action must be taken to initiate legal reform as a comprehensive and holistic effort. Starting the process of implementing legal reform, as described in Law no. 25 of 2000 (Propenas 2000), is a top priority. These reforms cover a number of topics, including drafting new laws and regulations, strengthening courts and other law enforcement institutions, addressing corruption and human rights issues, as well as increasing legal knowledge among the public. Furthermore, as indicated in the Long-Term Development Directions 2005-2025, these legislative reforms must be complemented by long-term development planning initiatives.

Encouraging sustainable economic growth and regulating economic issues, especially in the business and industrial sectors, is the goal of legal development. In addition, the aim of legal development is to ensure law enforcement and investment security. Eliminating corruption and successfully handling and resolving problems related to collusion, nepotism and corruption are the goals of legal development (KKN). Updating legal materials while taking into account the diversity of existing legal systems and the impact of globalization is how legal development is carried out. This is done in order to uphold law and human rights, increase legal awareness, provide fair and accurate legal services, and increase legal certainty and protection. The main goal is to build a state administration that has global competitiveness, is well organized, efficient and orderly. To achieve this strategic goal, the government needs to carry out legal development. In contrast to legal development or legal reform, legal development has a broad and significant definition. "Legal development" refers to the process of making laws more effective. 'Legal reform' refers to the process of adapting the legal system to accommodate societal developments. Therefore, legal development does not only include the formulation of legal principles or content, but also the formation of a legal framework or organization and legal norms that apply in a society.

In order to increase the country's competitiveness, Indonesian legal policy seeks to encourage sustainable economic growth, manage economic affairs, especially those related to the business and industrial domains, and build a safe investment climate, by

emphasizing legal enforcement and protection. Eliminating corruption and successfully overcoming problems related to collusion, corruption and nepotism (KKN) are the goals of legal development. Legal development is carried out by updating legal resources, taking into account the diversity of existing legal systems and the impact of globalization. Improving guarantees, protection, law enforcement and human rights is the goal of this.

Three important conditions must be met for a legal system to be successful, according to Cheryl W. Gray's paper entitled "Legal System Reform in Developing and Transition Countries" in the World Bank's Poverty Reduction and the Economy. To transform society from its current condition to a better one, certain conditions must be met. Therefore, the transformation process must concentrate on the following three main areas: Values that are outdated and no longer appropriate to current needs, challenges and circumstances must be discarded; values that are still appropriate must be revived and adjusted; and new values must be identified and promoted in order to interact with the changing environment and deal with the new issues that arise from these changes.

Wardiman Djojonegoro voiced this viewpoint in his keynote speech at the III ISKI Congress in Yogyakarta. Making economic laws to support Indonesia's Vision 2030 is Adi Sulistiyono's main field of study. In his inaugural speech as Professor of Economic Law, he emphasized that there are three things needed for a legal system to function well in a market economy: there must be laws that are beneficial to the market, there must be institutions that can effectively implement and enforce the laws, and the Market players must recognize the importance of these laws and regulations. It will be difficult for Indonesia to create the conditions necessary to enact laws that benefit the market. According to Thomas M. Franck's research, developing countries must simultaneously implement three stages of legal development - industrialization, social welfare, and unification - just like advanced industrial countries.

These three stages are conceptualized as methods, as proposed by Organski, namely: The initial stage is unification, which requires the political merger of a community or the formation of a centralized state. The second stage is characterized by industrialization, where the main challenge is the pursuit of economic and political modernization. At this stage, the government played an important role in facilitating the development of a new elite, consisting of professionals in the industrial sector, and promoting the principles of capital accumulation. 3) The third stage involves a shift in the government's function, turning it into a guardian of society from the negative impacts of industrial life through the implementation of social programs. Regarding lawmaking related to market-friendly economic development, Cheryl W. Gray explains that in general there are two sources of substantive law: laws made domestically or laws adapted from countries with well-functioning market economies. Importing imported laws may offer advantages by facilitating the creation of early trial models. However, the incorporation of such laws has



the potential danger of not having organic development within the local legal framework and may not fully penetrate its foundations.

The concept of legal evolution in relation to the role of law in a market economy can be summarized as follows:

- a. Utilize legal science topics that have an impact on the growth of economic activity, which include:
 - 1) Predictability. The law must have the capacity to accurately describe future or currently occurring events or relationships;
 - 2) Procedural capabilities. Advances in procedural law make it possible to apply substantive law effectively. Understanding procedural law not only includes the regulations established by law, but also various settlement procedures agreed upon by the parties involved in a dispute, such as arbitration and conciliation. For economic life to reach its highest level, it is essential that all these institutions operate smoothly.
 - 3) Codification of goals. Legislation can be seen as the formalization of the main goals and objectives of the state. In the economic field, we can identify these objectives articulated in various laws that have a direct or indirect impact on the economic domain;
 - 4) Balancing factor. The legal system functions as a mechanism that ensures balance between opposing values in society. The legal system ensures a "sense of balance" in the country's pursuit of economic progress;
 - 5) Accommodation. Rapid transformation will basically result in the erosion of the balance that existed previously, both in interactions between individuals and dynamics within social groups. Like it or not, this condition requires restoring balance through alternative methods. The legal system functions as a mechanism for individuals to respond to changes in their environment, both in terms of material and formal ties, so as to restore balance. This remedy is possible because of the legal system, which offers a sense of certainty through explicit and conclusive statements, and makes it possible to re-establish justice through organized procedures;
 - 6) Definition and clarity about status. In addition to its role in ensuring predictability, the function of law also establishes certainty regarding the status of individuals and property in society.
- b. To achieve the highest levels of efficiency, laws must be continually adapted to incorporate new ideas and respond to evolving circumstances. To prevent institutions that are not conducive to increasing efficiency from hampering economic activity, it is very important to improve their performance. Legal

institutions must have the ability to adapt effectively to rapidly changing ideas and conditions to meet these goals.

- c. The strategy for developing economic law in Indonesia must also focus on the concept of sustainable economic law development. This approach involves more than simply modifying or creating new laws; This approach also emphasizes the importance of improving other aspects, such as: 1) legal education, 2) reforming legal substance, 3) building authoritative and efficient dispute resolution mechanisms, 4) promoting business ethics, 5) instilling a nationalist spirit in legislative members, and 6) ensure the commitment of the president and vice president, who work together in a coordinated and mutually supportive manner.
- d. Improving the legal system by addressing problems related to legal structure, legal substance and legal culture. This is very important because investors often express concerns about legal certainty, especially due to ambiguous and contradictory legal provisions, as well as inconsistent implementation of court decisions. Erman Rajagukguk emphasized that legal uncertainty would have a negative impact on the economy. Legal uncertainty in Indonesia is caused by three factors. First, the hierarchy of legal regulations is ineffective, resulting in overlapping regulations. Second, weak enforcement of regulations by the authorities. Lastly, the resolution of economic disputes is unpredictable due to the lack of synchronization between laws and regulations at various levels, the existence of regional regulations that hinder investment and harm the poor, and the need to reform tax regulations. To overcome these problems, legislative regulations must be reflexive, easy to manage, realistic, applicable, and easy to integrate into all aspects of social life.

F. CLOSING

From the description provided, the following conclusion can be drawn: A market economic system is a system that provides complete autonomy to individuals in all aspects of the economy, allowing them to maximize profits. In this system, the government has no role and all economic systems are only managed by individual economic actors. In addition, it is impossible to implement a market economic system without government intervention. It is important to know that the absence of government intervention in a market economic system can result in decline. The government plays an important role in providing the legal framework necessary for a market economy to function effectively. Without proper legal support, especially in terms of economic law, a market economic system cannot operate in a way that promotes growth and prosperity. The role of law is very important in economic life, especially in ensuring the stability of the market economy. Law has the power to shape the level of certainty in human interactions between economic actors. Therefore, to fulfill its role in a market economy, legal development



must be carried out by the government through the creation of new laws or by adopting legal practices from other jurisdictions. This concept of legal development is essential to maintaining a well-functioning market economy. a. Evolution of laws conducive to markets; b. The evolution of law combines principles from legal science that have an impact on the growth of economic activity, such as predictability, procedural efficiency, and objective codification.

Provide influence in the economic domain, by balancing elements, providing accommodations, and establishing clear definitions and clarity of status. c. law that can always accommodate new ideas and adapt to changing conditions; d. implementing an economic law development strategy that takes into account the concept of sustainable economic law development, that is, carrying out development is no longer just about 'disassembling' articles in a law or just making new laws; e. improving the legal system which includes legal structure, legal substance and legal culture to achieve legal certainty; f. by synchronizing statutory regulations.

REFERENCES

- Astrid Komaruddin, Market Economic System, Jungle Law and Welfare, Nation, Dada Net, accessed April 9 3011.
- Crayonpedia, Economic Actors in the Indonesian Economic System. http://www.crayonpedia.org/mw/BSE:Pelaku-Pelaku_Ekonomi_, accessed April 9 2011.
- Dewi Ayu Pitaloka, Legal Aspects in Economics and Business <http://dewiyupitaloka.wordpress.com/2011/03/>, accessed April 9 2009.
- Griffin R., Elbert and Ronald, Business, New Jersey : Pearson Education, 2006.
- Ginanjar, The Role of Economic Actors in the Pancasila Economic System, Presented at the Central BP 7 Working Meeting, Jakarta, 3 December 1997.
- Hizbut Tahir, Free Market Failure, <http://hizbut-tahrir.or.id/2009/04/28/kegagalan-pasar-bebas>, accessed April 9 2011.
- Juwana, Hikmahanto Politics, Law, Laws in the Economic Sector in Indonesia, lecture material for Legal Aspects in Economic Policy, AEUI Public Policy Planning Master's Program.
- Kairys, David, ed, The Politics of Law A Progressive Critique, Pantheon Books, New York, 1990.
- Mankiw, N. Gregory. Introduction to Macroeconomics, Third Edition, Salemba Empat, Jakarta, 2006.
- Nasution, Bismar, Reviewing Law as a Foundation for Economic Development, Inauguration Scientific Oration as Professor at the Faculty of Law, University of North Sumatra.
- P. Todaro, Michael and Stephen C. Smith, Economic Development in the Third World, Erlangga, Jakarta 2003.
- RL Meek, DD Raphael and PG Stein, eds, Lectures on Jurisprudence, Liberty Fund, Indianapolis, 1982
- Rahardjo, Satjipto, Law and Society, Angkasa Publishers, Bandung, 1980.

Imelda Mardayanti

- _____, "Liberalism, Capitalism, and Indonesian Law," in the book "Other Sides of Law in Indonesia," Kompas Book Publishers, Jakarta, 2003.
- Smith, Adam, *An Inquiry into the nature and causes of the wealth of nations*, Penguin Book, London, 1979.
- Smith, Michael P. Todaro and Stephen C., *Economic Development in the Third World*, Erlangga, Jakarta, 2003.
- Sukirno, Sadono, *Introduction to Microeconomic Theory*, Second Edition, Cet. Sixth, PT. Raja Grafindo Persada, Jakarta, 1996.
- Sulistiyono, Adi. "Development of Economic Law to Support the Achievement of Indonesia's Vision 2030", delivered in the Inauguration Speech of the Professor of Economic Law, Sebelas Maret University, Solo in 2007.
- Trubek, M., David, *Annual Report: Law and Economic Development: Critiques and Beyond*, presented at the Harvard Law School Spring Conference, April 13-14 2002-2003 ELRC 3.
- Yustika, Ahmad Erani, *Institutional Economics: Definition, Theory and Strategy*, Bayu Media Publishing, East Java, 2006.