

CROSS-SECTORAL ECONOMIC LAW IN INDONESIA: A LITERATURE REVIEW OF THE INTERACTION BETWEEN DEVELOPMENTAL ECONOMIC LAW AND SOCIAL ECONOMIC LAW IN THE DYNAMICS OF BANKING, INDUSTRY, AGRICULTURE, AND NATIONAL TRADE

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Abstract

This study examines the interaction between development economics law and social economics law within the framework of cross-sectoral economic law in Indonesia, focusing on the dynamics of the banking, industrial, agricultural, and national trade sectors. Through a legal-normative approach and qualitative analysis of various literature, regulations, and economic policies, this study shows that the two legal regimes are not dichotomous, but rather complement and correct each other in an effort to achieve sustainable and equitable development. The results of the study emphasise the need for an integrative economic law paradigm that explicitly accommodates the synergy between economic growth, equitable distribution of development outcomes, protection of vulnerable groups, and environmental sustainability in every cross-sectoral policy.

Keywords: cross-sectoral economic law; development economic law; social economic law; banking; industry; agriculture; national trade; Pancasila economics.

Introduction

The Indonesian economy, as a developing country that adheres to the Pancasila economic system, faces complex dynamics between efforts to achieve national economic growth and social justice, whereby Article 33 of the 1945 Constitution serves as the main constitutional basis governing important branches of production for the state and controlling the livelihoods of the people for the greatest prosperity of the people ((reflects the duality of development economics oriented towards efficiency and expansion and social economics that emphasises the equitable distribution of development outcomes. Therefore, a literature review of the interaction between the two is crucial in understanding the evolution of cross-sectoral economic policies such as banking, industry, agriculture, and national trade (Haggard & Tiede, 2011) .

Economic development law in Indonesia is a legal framework that supports the improvement and development of the national economy at the macro level, including economic resilience through instruments such as investment law, capital markets, technology transfer, and business competition, which function as agents of

modernisation and tools of social engineering to drive GDP growth, as well as the role of law as a margin of appreciation in justifying economic norms to support sustainable development(et al., 2002).

Meanwhile, social economic law highlights the aspect of fair and equitable distribution of development outcomes across all levels of society, including the regulation of humane economic life based on the principles of economic democracy, togetherness, equitable efficiency, and balanced progress, which are rooted in the philosophy of Pancasila () and aim to reduce inequality through redistribution policies such as worker protection, subsidies, and access to resources, so that interaction with development law often creates tension between market efficiency and social justice (De Soto, 2000).

Historically, the development of Indonesian economic law after independence was influenced by the evolution of the economic system from the centralised Old Order era to the more liberal New Order era, in which economic law development served as a means of maintaining order, development and equity, with a strong influence from Rostow's theory of linear stages of development from primitive to advanced societies, which was applied in the Indonesian context to integrate public and private law aspects in the regulation of national economic activities. (Al Kharez, 2025)

In a cross-sectoral context, the banking sector has become the main arena for interaction between the two legal regimes, where the Financial Services Authority (OJK) through OJK Regulation No. 76/POJK.07/2017 on Improving Financial Literacy and Inclusion regulates access to financial services for the unbanked, balancing development objectives such as monetary stability with social inclusion through monitoring indicators of access, product availability, and use of financial services, thereby reflecting the synergy between financial sector growth and economic equality (Mokyr, 2002).

The industrial sector, particularly through the downstreaming policy for mineral and coal commodities based on Law No. 4 of 2009 concerning Mineral and Coal Mining, demonstrates the tension between economic development laws that encourage investment and job creation and social economic laws that emphasise environmental protection and natural resource management in accordance with Article 33 paragraph (3) of the 1945 Constitution, where regulatory strengthening is needed to avoid overlapping authorities and ensure inclusive benefits for the national economy (Al Kharez, 2025); (OJK).

In the agricultural sector, economic law interactions are evident in the agrarian reform regulated by Presidential Regulation No. 86 of 2018, which aims to restructure the control, ownership, use and utilisation of land to reduce poverty, improve access to economic resources and address inequality, with a tangible role in providing foreign currency through exports and food security, even though the challenges of

international trade liberalisation often clash with rural development needs (Hartono, 2007).

The national trade sector, particularly the protection of Micro, Small and Medium Enterprises (MSMEs) which contribute significantly to GDP, involves regulations on trade secrets, trademarks and global competitiveness to drive economic growth while ensuring proportional justice without discrimination, where social economic law plays a role in increasing market access and fair competition. while development law focuses on deregulating exports and imports for monetary stability.(Simamora, 2025).

The main challenge of cross-sectoral economic law interaction is the harmonisation between global neoliberalism and the Pancasila economy, where deregulation policies often sacrifice equity. Therefore, this literature review is relevant for identifying patterns of synergy and normative conflict, as emphasised in the literature that economic law must be accommodative to a just and prosperous society, fair competition, and socio-economic balance (Hidayat et al., 2022).

Thus, the objective of this research is to conceptually analyse this dualistic relationship through a legal-normative literature review, identify sectoral implementations, and formulate legal policy recommendations for an integrative paradigm, which is expected to contribute to the development of national economic law in line with the vision of independence and shared prosperity.

Research Method

This study utilises library research with a legal-normative approach, which involves collecting, analysing, and synthesising various relevant literature sources, such as legislation, policy documents, scientific journals, textbooks, and academic articles related to development economics law and social economics law in Indonesia (Eliyah & Aslan, 2025). The data was obtained secondarily through document studies and conceptual reviews of developing legal norms and theories, then analysed qualitatively using content analysis techniques to map the patterns of interaction and tension between the two legal regimes in the context of the banking, industrial, agricultural, and national trade sectors (Green et al., 2006).

Results and Discussion

Synergy and Tension between Development Economics Law and Social Economics Law

Development economics law and social economics law are essentially two sides of the same coin, namely the national economic legal system, where the former focuses on enhancing and developing economic activities to promote growth, investment, and modernisation, while the latter emphasises the fair and equitable distribution of development outcomes in accordance with the principles of social justice and human dignity.(Asshiddiqie, 2009).

The synergy between the two is evident in the framework of the Pancasila economy and Article 33 of the 1945 Constitution, which places the national economy as a joint venture based on the principle of kinship, with important branches of production and natural resources that control the livelihoods of many people controlled by the state for the greatest prosperity of the people (Rodrik, 2007) . Here, development economics provides the basis for the state to regulate investment, industry, and infrastructure, while social economics ensures that the benefits of these activities are enjoyed fairly by all levels of society, not just economically powerful groups. From the perspective of the intersection of law and economics, this reciprocal relationship creates a complex but mutually reinforcing framework between sustainable economic growth and social justice (Hartanto, 2019) .

However, in addition to synergy, these two legal regimes also contain structural tensions that stem from differences in priorities and normative logic. Development economics tends to be oriented towards efficiency, stability and competitiveness, often prioritising deregulation, liberalisation and investor protection, while social economics places greater emphasis on equity, protection of vulnerable groups and restrictions on exploitative practices that can widen disparities. This tension often manifests itself in the form of normative conflicts between policies that attract foreign investment and regulations that demand income redistribution, worker protection, and environmental sustainability (Rodrik et al., 2004) .

In the Indonesian context, this tension is increasingly felt when free market-based economic development policies clash with demands for the implementation of a Pancasila-based economy that emphasises social justice and state control over strategic resources. For example, industrial downstreaming and investment deregulation policies do promote growth and job creation, but without strong social regulations, they can lead to labour exploitation, environmental damage, and the control of economic assets by a handful of large players (Acemoglu et al., 2005) . This is where social economic law comes in as a counterbalance, through instruments such as worker protection, environmental regulation, and agrarian policies that favour farmers and indigenous peoples.

The ideal synergy between the two is achieved when development economic law is designed in such a way that it not only encourages growth, but also includes redistributive and social protection mechanisms, for example through banking regulations that direct productive credit to MSMEs and the agricultural sector, as well as industrial policies that require corporate social responsibility (CSR) and local community empowerment. Within this framework, the law functions as *an agent for modernisation* as well as *a tool of social engineering*, which builds a modern economic structure without neglecting social balance and distributive justice(Simamora, 2025) . Tension is also evident in the dynamics of legal politics, where short-term development interests often dominate the legislative process, while social aspects are only given

secondary consideration. Policies such as *the omnibus law* in Indonesia, for example, aim to accelerate investment and facilitate business, but have sparked controversy because they are considered to weaken the protection of workers, the environment, and the economic rights of vulnerable groups (Acemoglu et al., 2005). This shows that without the counterbalance of social economic law, the development regime risks leading to a model of rapid but non-inclusive economic growth.

On the other hand, tensions also arise when overly strict social regulations are perceived as hindering innovation and efficiency, thereby generating resistance from business actors and investors. In this context, development economics acts as a counterbalance by emphasising the importance of legal certainty, regulatory efficiency, and a conducive business climate, while social economics reminds us that certainty and efficiency should not come at the expense of fundamental rights and social justice. The balance between the two is a prerequisite for the realisation of sustainable and equitable economic development (Azizah, 2022).

Philosophically, the interaction between these two legal regimes also reflects the long-standing debate between economic liberalism and social democracy, which in Indonesia is accommodated in the form of a mixed economy governed by Article 33 of the 1945 Constitution. The state is given the space to control important branches of production and strategic resources, but at the same time is obliged to utilise them for the fair and equitable prosperity of the people, so that economic development and social laws become two complementary instruments in achieving these constitutional objectives (Sanjaya, 2018).

In practice, this synergy and tension are not only normative in nature, but also evident in implementation patterns in the field, for example in the banking sector, which pursues financial inclusion while also chasing profitability, or in the agricultural sector, which faces the pressures of modernisation and trade globalisation on the one hand, and demands for agrarian reform and protection of small farmers on the other. In each sector, the balance between development efficiency and social justice becomes the benchmark for the success of cross-sectoral economic law (Antasari, 2020).

Thus, synergy between development economics and social economics is achieved when regulations are designed in an integrated manner, taking into account both growth and distribution dimensions, while tension arises when one dimension dominates and neglects the other. For Indonesia, the challenge ahead is to strengthen the economic law paradigm that explicitly recognises this duality, so that every development policy—whether in the banking, industrial, agricultural, or trade sectors—is measured not only by growth indicators, but also by indicators of social justice and equitable distribution of development outcomes.

Implementation of Cross-Sectoral Economic Law

The implementation of cross-sectoral economic law in Indonesia is manifested in the form of regulations that link the banking, industrial, agricultural, and trade sectors within a single national development policy framework oriented towards growth and social justice. In practice, economic law no longer operates in separate sectors, but is interconnected through instruments such as medium-term development plans, investment regulations, and trade policies that integrate monetary, fiscal, and social dimensions ((Demirgüç-Kunt & Levine, 2009)). This cross-sectoral approach requires coordination between state institutions and harmonisation of regulations so that policies in one sector do not conflict with development objectives in another sector.

In the banking sector, the implementation of economic law is evident in financial inclusion policies regulated in OJK Regulation No. 76/POJK.07/2016 on Improving Financial Literacy and Inclusion in the Financial Services Sector, which requires financial institutions to expand access to services for the unbanked and vulnerable communities. This policy reflects the interaction between development economic law, which promotes financial system stability and credit growth, and social economic law, which emphasises equitable access to capital and customer protection, including through branchless banking services (Laku Pandai) and banking agents (. On the other hand, prudential banking regulations remain the guardians of financial system stability, so the implementation of financial inclusion must strike a balance between service expansion and risk management.

In the industrial sector, the implementation of cross-sectoral economic laws can be seen in the downstreaming policy supported by Law No. 3 of 2020 concerning Mineral and Coal Mining and various derivative regulations, which require the processing of raw materials domestically before export. This policy places industry at the centre of value addition, job creation, and integration into the global supply chain, while also incorporating a social dimension through the obligation of companies to consider environmental impacts and the rights of indigenous peoples. Within the framework of Article 33 paragraph (3) of the 1945 Constitution, downstreaming becomes an economic development legal instrument that must also be controlled by social and environmental norms so that it does not turn into the exploitation of resources (Glaeser et al., 2004) .

The agricultural sector is an important arena for the implementation of cross-sectoral economic laws through the agrarian reform programme regulated in Presidential Regulation No. 86 of 2018 and various policies on land redistribution, asset legalisation and land consolidation. Agrarian reform aims to eradicate rural poverty, increase land productivity, and strengthen food security, thereby linking agrarian regulations with food trade and investment policies in the agribusiness sector. On the other hand, international trade policies in the agricultural sector, including negotiations on global trade rules, require coordination between the Ministry of Agriculture, the

Ministry of Trade, and the legislative body so that the interests of small farmers are not eroded by market liberalisation(Rivai, 2001) .

In the national trade sector, the implementation of cross-sectoral economic laws can be seen in the protection of Micro, Small and Medium Enterprises (MSMEs) as regulated in Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises and various derivative regulations and free trade agreements. These regulations guarantee legal certainty, market access, and protection from monopolistic practices and exploitation by large enterprises, thereby creating space for MSMEs to develop in domestic and international markets (Beck et al., 2000) . At the same time, free trade policies through regional cooperation such as RCEP require the adaptation of national trade regulations so that MSMEs can take advantage of export opportunities without being crushed by unbalanced global competition.

Cross-sectoral interactions are also evident in the interrelationship between banking, industrial, agricultural and trade policies in supporting national priority programmes, such as the development of the digital economy, the green economy and food security. For example, bank credit for the agricultural and small industry sectors must be aligned with trade regulations governing product standards, certification, and market access, so that there is no misalignment between credit incentives and non-tariff barriers in the trade sector (Claessens et al., 2000) . Similarly, policies on the downstream processing of agricultural raw materials, such as palm oil or coffee, must be integrated with agrarian and trade regulations so that farmers and local businesses can truly enjoy the added value.

The implementation of cross-sectoral economic laws also requires strengthened institutional coordination, as policies in one sector often have a significant impact on other sectors. For example, investment deregulation policies in the mining sector can have an impact on the agricultural and environmental sectors, thus requiring mechanisms for regulatory harmonisation between ministries and supervisory agencies (Haggard & Tiede, 2011) . At the regional level, cross-sectoral programmes such as land registration and asset legalisation demonstrate the importance of integrating agrarian, banking and trade regulations in order to strengthen land rights security and access to credit for farmers(Djankov et al., 2002) .

In a global context, the implementation of cross-sectoral economic law is also evident in Indonesia's strategy in dealing with economic regulatory harmonisation between blocs such as BRICS and ASEAN. Indonesia must design domestic regulations that are capable of accommodating market liberalisation while protecting social interests, such as MSMEs, farmers, and indigenous peoples, so that international trade policies do not only benefit large economic actors. The "dual alignment" approach in cross-border economic regulation requires national legal flexibility without sacrificing sovereignty and the principle of social justice (Hidayat et al., 2022) .

Overall, the implementation of cross-sectoral economic law in Indonesia shows that regulations in the banking, industrial, agricultural, and trade sectors cannot stand alone, but must support each other in achieving sustainable and equitable national development goals. The challenge ahead is to strengthen coordination mechanisms, harmonise norms, and encourage stakeholder participation so that policies in one sector do not undermine the socio-economic balance in other sectors. In this way, cross-sectoral economic laws can become an effective instrument for integrating economic growth, equity, and the protection of vulnerable groups within a coherent policy framework.

Conclusion

Cross-sectoral economic law in Indonesia shows that development economic law and social economic law do not operate separately, but rather interact within a single policy framework that connects the banking, industrial, agricultural, and national trade sectors. This interaction takes the form of regulations that promote economic growth, stability, and modernisation, while also incorporating mechanisms for equity, protection of vulnerable groups, and environmental sustainability. Within the framework of the Pancasila economy and Article 33 of the 1945 Constitution, these two legal regimes complement each other as instruments for achieving inclusive and equitable development.

The implementation of cross-sectoral economic law is evident in financial inclusion policies in the banking sector, industrial downstreaming, agrarian reform in the agricultural sector, and the protection of MSMEs in national trade, where each policy in one sector has a direct impact on other sectors. These interrelationships require institutional coordination, harmonisation of norms, and regulatory adjustments so that economic growth does not sacrifice social justice and, conversely, social protection does not hinder efficiency and innovation. In the global context, Indonesia also needs to balance trade and investment openness with the protection of national interests and vulnerable groups.

Thus, cross-sectoral economic law in Indonesia points to the need for an integrative paradigm that explicitly recognises the duality of development economic law and social economic law. Both regimes must be designed synergistically in every sectoral policy, so that indicators of development success are not only measured by economic growth, but also by the equitable distribution of development outcomes, the protection of economic rights, and the strengthening of national economic sovereignty. Thus, cross-sectoral economic law can become the foundation for the realisation of a sustainable, equitable, and globally competitive Pancasila economy.

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