Multidisciplinary Output Research For Actual and International Issue (MORFAI Journal) ISSN (e): 2808-6635
Volumes 6 No. 1 (2026)

THE RULE OF LAW AND ECONOMIC STABILITY AMID GLOBAL THREATS TO NATIONAL SECURITY

Dhara Syera Fatria[1]*, Parluhutan Sagala [2], Pujo Widodo[3]
[1,2,3]Universitas Pertahanan Republik Indonesia
E-mail: [1]dhara.fatria@kn.idu.ac.id, [2]parluhutan.sagala@idu.ac.id, [3]pujowidodo78@gmail.com

Received	: 15 October 2025	Published	: 22 December 2025
Revised	: 12 November 2025	DOI	: https://doi.org/10.54443/morfai.v6i1.4835
Accepted	: 01 December 2025	Publish Link	: https://radjapublika.com/index.php/MORFAI/article/view/4835

Abstract

National economic stability constitutes a fundamental pillar of national development and security. Global challenges, including trade wars, financial crises, and pandemics, have amplified the vulnerability of national economies. As a state governed by law, Indonesia bears a constitutional obligation to safeguard public welfare pursuant to the 1945 Constitution. This article analyzes the function of the rule of law in preserving economic stability as an integral component of national security strategy. The study employs a normative juridical method, examining constitutional mandates and regulations related to emergencies and economic regulation, namely the 1945 Constitution, Law No. 23/1959 on State of Emergency, Law No. 9/2016 on Prevention and Handling of Financial System Crises as updated by Law No. 4/2023 on Financial Sector Development and Strengthening (P2SK Law), and Law No. 3/2002 on National Defense. The findings reveal that Indonesia lacks an explicit legal recognition of economic emergencies as a distinct category. Consequently, legal reform is deemed necessary to ensure legitimacy, institutional clarity, and regulatory certainty in managing financial crises within the framework of national security.

Keywords*: Economic stability; Emergency law; Global threats; National security; Rule of law*

INTRODUCTION

The Republic of Indonesia is constitutionally designated as a state governed by the rule of law (*rechtsstaat*), as stipulated in Article 1 paragraph (3) of the 1945 Constitution. (Undang-Undang Dasar Negara Republik Indonesia Tahun 1945). As the supreme legal authority, the Constitution embodies both the foundational aspirations of the state and the normative framework governing Indonesia's legal system. Similar to law in general, which pursues justice, certainty, and benefit, the constitution aims to uphold these values in a comprehensive legal order (Jimly. Asshiddiqie, 2006). Law functions not only as the basis for state governance but also as an instrument to constrain state power to protect the constitutional rights of citizens (Jimly Asshiddiqie, 2019). Within a democratic constitutional state, the principle of legality must operate in tandem with constitutional supremacy, protection of human rights, and institutional checks and balances. Accordingly, state actions, including those taken in response to economic crises, must conform to the constitutional framework. Economic stability constitutes a constitutional imperative under Article 33, which reflects the principles of economic democracy, social justice, and collective welfare (Undang-Undang Dasar Negara Republik Indonesia Tahun 1945). Thus, regulatory interventions during economic disruption must remain aligned with constitutional objectives and prioritize public interest Indonesia has experienced multiple episodes of economic shocks, from the colonial economic dislocation to the Asian Financial Crisis of 1997–1998, which not only deteriorated macroeconomic indicators but also precipitated social unrest and regime change (Ben White, 2016). These experiences underscore the intrinsic link between economic resilience and national security. In today's globalized economy, exogenous shocks such as trade disputes, financial market volatility, and geopolitical conflict pose heightened risks to domestic economic stability. The tariff conflict between the United States and China since 2018 illustrates how global protectionism distorts market dynamics and exposes developing economies like Indonesia to systemic vulnerabilities (Badan penelitian dan pengembangan Kementerian Pertahanan Republik Indonesia, n.d.). This interdependence necessitates an evaluation of Indonesia's legal preparedness in mitigating such global disruptions. Constitutionally, emergency powers are provided under Articles 12 and 22, authorizing the President to declare a state of emergency and issue Government Regulations in Lieu of Law (Perppu) (Undang-Undang Dasar Negara Republik Indonesia Tahun

1945). However, Indonesian law does not yet formally recognize economic emergencies as a distinct category within its emergency legal framework. As a result, responses to economic crises often rely on temporary, ad hoc instruments that lack legal certainty and institutional coherence. Law No. 9 of 2016 and its amendment through Law No. 4 of 2023 offer a regulatory mechanism for financial system stability. However, their scope remains sectoral and does not comprehensively address macroeconomic threats such as trade shocks or global contagion. This legal lacuna underscores the need for an integrated framework that incorporates economic stability into the broader national security strategy. Theoretically, the discourse on emergency powers relates to the framework of emergency law, which governs both present exigencies and anticipatory legal responses. As emphasized by (Jimly Asshiddiqie, 2007),even in extraordinary circumstances, the supremacy of law must prevail, and exceptional powers must remain subject to legal accountability. Previous scholarly contributions provide partial insights. (Rissy, 2022), for instance, introduces the concept of "economic crisis rule of law" as a normative balancing model between emergency elasticity and constitutional fidelity. However, there remains a dearth of legal scholarship explicitly addressing economic emergencies as part of national security doctrine. Based on the above context, this research addresses the following questions: (1) How does the rule of law play a role in maintaining economic stability as part of national security amid global threats? (2) To what extent is Indonesia's legal framework prepared to regulate economic emergencies within the national resilience system?

METHOD

This study adopts a normative juridical method, employing a literature-based approach to examine applicable positive legal norms. As stated by Soekanto and Mamudji, normative legal research constitutes doctrinal research focused on the systematic study of legal sources (Salim & Nurbani, 2024). The legal materials used in this study are categorized as follows:

1. Primary legal materials refer to binding instruments such as the 1945 Constitution, Law No. 23 of 1959 on States of Emergency, Law No. 9 of 2016 as amended by Law No. 4 of 2023 on Financial Sector Development and Strengthening (P2SK Law), and Law No. 3 of 2002 on National Defense.
2. Secondary legal materials, academic commentaries, legal journals, previous research, and expert opinions relevant to the research topic.
3. Tertiary legal materials consist of legal dictionaries, encyclopedias, and reference tools used to clarify and interpret primary and secondary sources.

In parallel, a comparative legal approach is adopted to examine models of economic emergency regulation in other jurisdictions. This includes analysis of the United States' International Emergency Economic Powers Act (IEEPA), along with legal instruments under GATT 1994 and the World Trade Organization (WTO). The combination of normative and comparative approaches facilitates comprehensive legal analysis and supports the formulation of constitutional recommendations.

RESULTS AND DISCUSSION

Rule of Law and Constitutional Obligations in Facing Economic Crisis

Indonesia, as a constitutional democracy, is firmly grounded in Article 1 paragraph (3) of the 1945 Constitution, which establishes the state as one governed by law. This principle mandates that all governmental actions must be based on law, ensuring the supremacy of law, equality before the law, and the protection of fundamental rights (Jimly. Asshiddiqie, 2006). Any deviation from this legal framework risks eroding democratic accountability and sliding into arbitrary governance. In the economic domain, Article 33 of the 1945 Constitution outlines the state's obligation to organize the national economy through the principles of economic democracy, prioritizing social justice, collective welfare, and sustainability. The state bears constitutional responsibility to manage key sectors and natural resources for the public good. This obligation is reinforced in the Preamble of the Constitution, which mandates the state to "protect all the people of Indonesia and promote the general welfare." These constitutional provisions form the legal foundation for state intervention in times of economic crisis. Thus, the rule of law must be interpreted not merely as a static normative principle, but as an operational mechanism for ensuring national resilience. In crises, legal instruments should not be viewed as limitations, but rather as enablers of state action that remains within the bounds of legitimacy and constitutional authority. However, the absence of an explicit legal regime for economic emergencies poses a critical vulnerability. Current legal responses to economic threats are fragmented and often reactive, raising concerns about consistency, legal certainty, and justiciability. Comparative legal systems such as the United States' International Emergency Economic Powers Act (IEEPA) provide instructive models, where the executive is granted conditional emergency powers to address economic threats, subject to procedural safeguards and oversight. Indonesia must therefore consider developing a formal economic emergency legal framework to provide both agility and accountability in managing economic

instability. This approach would align national responses with constitutional mandates while reinforcing public trust in the legal system during times of crisis.

Indonesia's Economic Emergency Legal Framework in Indonesia

Economic stability is a constitutional prerequisite for national prosperity as articulated in Article 33 of the 1945 Constitution, which mandates that the economy be organized based on principles of economic democracy, justice, and collective welfare. In this context, the state has a constitutional obligation not only to regulate but also to maintain the continuity and resilience of the national economy against various threats. Although the term "economic emergency" is not explicitly mentioned, the constitutional basis for emergency governance is contained in Articles 12 and 22 of the 1945 Constitution. Article 12 authorizes the President to declare a state of danger, while Article 22 provides the President with the authority to issue Government Regulations in Lieu of Law (Perppu) in the event of a compelling emergency. These provisions serve as the normative foundation for swift legal responses during extraordinary situations. Constitutional Court Decision No. 138/PUU-VII/2009 further interprets the concept of "compelling urgency" into three categories: (1) the existence of an urgent need for immediate legal resolution; (2) the absence or inadequacy of existing legal instruments; and (3) the inability to resolve the legal vacuum through normal legislative procedures due to the urgency of the situation (Putusan Mahkamah Konstitusi No. 138/PUU-VII/2009.).

Further regulation is provided under Government Regulation in Lieu of Law No. 23 of 1959 concerning States of Emergency, which remains in force. This regulation divides emergencies into three categories: state of war, military emergency, and civil emergency (Undang-Undang Republik Indonesia Nomor 23 Prp Tahun 1959 Tentang Penetapan Keadaan Bahaya). The latter refers to the lowest tier of threat, typically involving disasters, civil unrest, or disruptions to public order requiring civilian governmental response (Jimly Asshiddiqie, 2024). However, this framework does not yet accommodate economic emergencies such as systemic financial collapse or macroeconomic instability, which, though non-military in nature, may severely impact national resilience and public welfare. In practice, the government has frequently relied on Perppu as a rapid policy tool to address economic shocks, such as Perppu No. 1 of 2020 issued during the COVID-19 pandemic to mitigate economic dislocation. In the financial sector, regulatory architecture is strengthened through Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector (P2SK Law), which defines financial system crisis and establishes the Financial System Stability Committee (KSSK) as a coordinating forum. While this legal instrument provides a more structured mechanism for handling financial instability, its focus remains confined to banking and capital markets. Broader macroeconomic disruptions such as trade collapse, inflationary shocks, or global contagion, are not comprehensively addressed. The experience from the 1998 and 2008 crises highlights the role of institutional preparedness and legal adequacy in minimizing socio-economic damage(Kukuh Komando, 2023) . Although P2SK regulates indicators and protocols for financial crises, it lacks explicit provisions for mitigating systemic risks stemming from international trade wars, supply chain fragmentation, or commodity volatility factors that are increasingly relevant in a globally interdependent economy. A significant difference was the presence of more prepared legal instruments and financial institutions, allowing Indonesia to pass through the global financial crisis of 2008 with relatively smaller impacts and costs compared to the banking crisis of 1998. The 2008 crisis was the result of the global financial crisis that began in the United States due to the failure of the subprime mortgage market. Although Indonesia was affected, the impact was not as severe as the 1998 crisis. The rupiah exchange rate depreciated, but not as much as in 1998, and the banking system remained relatively stable. This was due to a stronger economic foundation, including adequate foreign exchange reserves and better macroprudential policies (Kukuh Komando, 2023).

In the Law on the Development and Strengthening of the Financial Sector (UU P2SK), a financial system crisis is defined as a condition of financial system failure reflected in the deterioration of various economic and financial indicators. Through the Financial System Stability Committee (KSSK), the state establishes a cross-sectoral coordination forum to address potential crises. However, UU P2SK does not explicitly include provisions regarding the mitigation of the impact of international trade wars as one of the significant sources of crisis in the current global economic era. Thus, the legal framework for emergencies in Indonesia, although it has regulated crisis management mechanisms through Articles 12 and 22 of the 1945 Constitution and legal instruments such as Government Regulations in Lieu of Law (Perppu) and the Law on the Development and Strengthening of the Financial Sector (UU P2SK), has yet to explicitly define or categorize economic crises as a distinct emergency classification. The absence of specific legal regulations classifying 'economic emergency' has the potential to cause uncertainty in the state's policy response when facing threats to national economic stability. Indonesia must now shift from a reactive to a proactive legal stance by formulating a comprehensive economic emergency framework

that ensures legal certainty, strengthens coordination, and fortifies economic sovereignty in an increasingly volatile global landscape.

Economic Stability as a Pillar of National Security

Law No. 3 of 2002 concerning National Defense mandates the government to protect the entire population and promote public welfare, two interrelated domains where economic resilience and national security converge. Economic resilience is not merely a component of development but an essential safeguard for national defense. Within the national legal framework, economic stability and national security are mutually reinforcing. A fragile economy can weaken socio-political stability and reduce the state's ability to respond to both internal and external threats. This is underscored in Article 3, paragraph (1) of Law No. 3 of 2002, which declares that: "National defense is organized based on the principles of democracy, human rights, public welfare, environmental sustainability, provisions of national law, international law, and international customs, as well as the principle of living together peacefully". Furthermore, Article 1 paragraph (2) states that: "The national defense system is a universal defense system that involves all citizens, territories, and other national resources, and is prepared early by the government and implemented in a total, integrated, directed, and continuous manner to uphold state sovereignty, territorial integrity, and the safety of the entire nation from all threats".

These provisions demonstrate that economic resources are constitutionally recognized as integral elements of the national defense system. In this regard, economic stability must be regarded as a foundational element of national security. National security is a dynamic and multidimensional concept that extends beyond protection against military aggression (Syamsunasir, 2022). It involves the state's ability to maintain internal stability, anticipate emerging threats, and mobilize resources across sectors. The scope includes economic, social, political, environmental, and digital dimensions. Therefore, economic resilience should be seen not solely through a developmental lens but as a strategic capability embedded within the broader security architecture. The essence of national security lies in rapid, coherent, and adaptive responses aimed at preserving societal order and resilience. This includes upholding human rights, enforcing legal norms, and fostering public awareness. Within this framework, it is essential to distinguish between public security, which ensures collective social order through state mechanisms, and human security, which emphasizes the protection of individual welfare. A robust national security strategy must embrace both perspectives, balancing state authority and citizen rights. Indonesia's susceptibility to internal pressures (inflation, inequality, unemployment) and external vulnerabilities (import dependence, weak competitiveness, global market shocks) can escalate into systemic crises. The 1998 financial collapse illustrates how economic upheaval can catalyze political transitions.

Economic resilience, as a key pillar of national resilience, cannot be isolated from national defense planning. A state plagued by prolonged economic decline is at higher risk of disintegration, making it susceptible to both internal unrest and external interference. Therefore, economic threats must be addressed not only through macroeconomic policy but as a matter of strategic defense (Syamsunasir, 2022). While economic threats can be divided into internal and external categories, the consequences are interconnected. Internally, challenges stem from inflation, income disparity, job scarcity, and poor infrastructure. Externally, threats arise from global volatility, trade dependency, and lack of economic sovereignty. In the absence of economic self-reliance, national resilience erodes under geopolitical pressure. According to a report by Liputan6 on October 27, 2023, titled "If the Economic Crisis Hits Indonesia", an economic crisis in Indonesia could potentially trigger social unrest and exert pressure on national stability. The article underscores the importance of government preparedness in addressing global uncertainties ("If the Economic Crisis Hits Indonesia," n.d.). This event underscores the strategic imperative of economic stability.

Therefore, maintaining economic stability is not only about sustaining macroeconomic growth figures but also a preventive effort to avoid the emergence of broader social and political crises. Besides domestic impacts, national economic stability is also influenced by global factors. Similarly, economic globalization has led to increasingly integrated capital flows and trade. Consequently, economic shocks in one region of the world can quickly affect other countries. Indonesia has experienced the impacts of several global crises, such as the 2008 recession, the subprime mortgage crisis in the United States, and the global economic contraction caused by the COVID-19 pandemic in 2020. All these show that external shocks have the potential to disrupt national economic stability through reduced exports, depreciation of the rupiah exchange rate, capital outflows, and investment decline. If not managed properly, the cascading effects of these crises will weaken the national economic capacity and threaten national security. In this context, economic stability holds a strategic position within the concept of national security. The economy serves as one of the main pillars in maintaining national order. Disruptions in the economic sector have been proven to cause multidimensional instability, including in social, political, and security spheres. Therefore, economic stability is not only a development issue but also a national security issue that cuts

across sectors and requires integrated policies. This situation demonstrates that failure to maintain economic stability can directly impact national security. Maintaining economic stability is not merely a financial issue but an essential part of the national security agenda. Economic crises, global pandemics, climate change, and trade wars are now viewed as non-traditional threats that require comprehensive policy responses. Law No. 3 of 2002 concerning National Defense implicitly states that public welfare is one of the principles of state administration. Article 3, paragraph (1) of Law No. 3 of 2002 affirms that national defense is organized based on the principles of democracy, human rights, public welfare, environmental sustainability, national law, international law, and the principle of living together in peace. The inclusion of public welfare among the principles of defense means that achievements in the economic field (welfare) are regarded as part of the efforts for national defense. Economic stability and national security have a closely correlated relationship. A weakening economy has proven to trigger socio-political instability and reduce the state's ability to face threats. National defense and security planning should consider various scenarios of global economic threats, such as financial crises, trade wars, fluctuations in strategic commodity prices, and possibly economic sanctions or embargoes imposed by external parties. An effective security strategy demands high economic resilience. The comprehensive security approach places economic issues on par with defense issues. This is affirmed in Article 4, paragraph 1 of Law No. 3 of 2002, which states that the defense system is universal, involving all national resources, which implicitly includes economic resources.

This affirms that a stable and competitive economy is part of the defense strategy. In this framework, national economic stability is one of the pillars to realize prosperity and security, as outlined in the constitution. Equitable economic welfare and sustainable growth will reduce the potential for social unrest and provide budget space for national defense, while economic disruptions can cause social anxiety and pressure on national security. In this regard, national defense emphasizes building capabilities and addressing every threat without exception as stated in Article 6 of Law No. 23 of 2002, which declares that, 'National defense is organized through efforts to build and foster the nation's capability and resilience, and to address every threat. In Law Number 23 of 2019 concerning the Management of National Resources, it is stated that all national resources are mobilized to maintain the integrity and sovereignty of the state. This means that strengthening economic stability also becomes part of the national security strategy. Law No. 3 of 2002 concerning National Defense places economic stability as an important component of national security. In the context of trade tariff wars and other global dynamics, strengthening economic stability is an important step to safeguard long-term national security. Thus, economic crises, such as soaring unemployment, rising poverty, and inequality, can be categorized as threats to national security. Economic stability not only supports growth but becomes a strategic foundation in realizing public welfare. This aligns with Article 33 of the 1945 Constitution, which affirms the state’s responsibility to ensure the prosperity and security of the people as a manifestation of a just and sovereign state.

Evaluation of National Regulatory Preparedness in Facing Global Threats

Geopolitical developments and global dynamics present escalating threats to national sovereignty and welfare. Global threats to economic stability and their impact on national security are becoming increasingly complex and unpredictable. Phenomena such as the global economic crisis and trade wars demonstrate that non-military threats possess the capacity to destabilize economies and endanger national resilience. In facing these dynamics, the readiness of national regulations becomes an important pillar to ensure the state's response is swift, measured, and remains within the constitutional framework. Evaluation of the national legal framework shows measurable progress, yet serious gaps remain. For example, during the global tariff war triggered by the United States' protectionist policies, the Financial System Stability Committee’s (KSSK) first-quarter 2025 analysis noted that the domestic financial system remained resilient amid escalating global uncertainty. The official KSSK report highlights that the rising uncertainty was primarily driven by U.S. trade policies, escalating the global trade war, and prompting heightened vigilance across financial institutions(“Siaran Pers Bersama: Stabilitas Sistem Keuangan Tetap Terjaga,” 2025). To mitigate these risks, KSSK recommended enhancing inter-agency coordination and streamlining policies, including deregulation and the removal of non-tariff barriers. Constitutionally, Article 33 and Article 22 of the 1945 Constitution of the Republic of Indonesia emphasize the principle of people's sovereignty and control over natural resources for the prosperity of the people, as well as grant authority to the President to issue Government Regulations in Lieu of Laws (Perppu) in emergency and pressing situations. However, Indonesia still lacks a dedicated legal framework that explicitly recognizes economic crises as national emergencies. Law No. 23 of 1959 concerning emergencies only recognizes civil, military, and wartime emergencies, excluding economic emergencies as a legal category. Yet, global economic shocks such as pandemics, trade wars, or supply chain disruptions can have systemic and multidimensional impacts that threaten national security. This absence of explicit economic emergency classification often leads to ad hoc legal improvisation, typically through Perppu or

sectoral laws not originally designed for such contingencies. Article 12 of the 1945 Constitution grants the President authority to declare a state of danger, while Article 22 authorizes Perppu issuance. While this provides a constitutional foundation for emergency governance, the mechanism for legislative oversight and executive accountability in economic emergencies remains unregulated. Although the House of Representatives (DPR) holds the authority to approve Perppu, no laws currently outline procedures for oversight, including limits of executive discretion during economic crises. Law No. 9 of 2016 concerning the Prevention and Handling of Financial System Crises, updated to Law No. 4 of 2023 concerning the Development and Strengthening of the Financial Sector (P2SK), focuses solely on financial sector crises. There is no comprehensive regulatory bridge between financial stability and real sectors such as trade, industry, or agriculture. When external threats arise beyond the financial sector (e.g., global logistics disruptions or commodity embargoes), the national legal system lacks an integrated emergency protocol. Article 4, paragraph (2) of Law No. 4 of 2023 states, 'The Financial System Stability Committee (KSSK), as referred to in paragraph (1), organizes the prevention and handling of Financial System Crises (P2SK) to carry out the interests and resilience of the state in the economic field. Thus, KSSK is officially mandated as the frontline guard in maintaining national economic resilience by preserving the stability of the financial system. Furthermore, Article 5 of Law No. 23 of 2023 regulates the duties of KSSK, which are: (a) coordinating monitoring and maintaining Financial System Stability; (b) handling Financial System Crises; and (c) coordinating the handling of systemic bank problems both under normal Financial System Stability conditions and during Financial System Crises. This article reinforces the role of KSSK in integrating the policies of Bank Indonesia (BI), Financial Services Authority (OJK), Indonesia Deposit Insurance Corporation (LPS), and the Ministry of Finance to respond to external shocks such as tariff wars. It underscores KSSK's role as the main actor in national financial stability.

As a comparison, reference, the United States enacted the International Emergency Economic Powers Act (IEEPA) in 1977, granting the President the authority to regulate international financial transactions during declared emergencies. Under IEEPA, the U.S. President may freeze assets or block transactions deemed threatening to national security or foreign policy. Despite broad powers, IEEPA is coupled with strong legislative oversight, reflecting the balance between executive authority and the rule of law (Congressional Research Service, 2024). Indonesia, as a WTO member, is bound by the 1994 GATT agreement ratified via Law No. 7 of 1994. While GATT Articles I and II enforce the Most Favored Nation principle and bound tariffs, Articles XX and XXI provide national security exceptions (General Agreement on Tariffs and Trade , 1947). However, Articles XX and XXI of GATT provide exceptions on the grounds of national security and public interest. Indonesia's legal preparedness to face global threats is still lacking in terms of integration with international commitments. Although the WTO and GATT 1994 allow exceptions based on national security, Indonesia does not yet have national regulations that detail the procedures for the use of these clauses, meaning Indonesia is not legally prepared to activate these exceptions in urgent situations.

From a regulatory perspective, there is no specific economic emergency legal framework designed to respond to the escalating impacts of the global tariff war. As a result, risk management still relies on conventional monetary and fiscal policy instruments, such as foreign exchange reserve management, interest rate flexibility by Bank Indonesia, and the utilization of the State Budget (APBN) as support. Although Law No. 4 of 2023 (P2SK) provides a mitigation framework for financial crises, the regulation does not yet include explicit mechanisms regarding trade dispute resolution or tariff adjustments in emergencies. In general, policy responses tend to be sectoral and not fully integrated. Considering the scale and scope of global economic threats, regulatory reform is urgent. Indonesia needs forward-looking and adaptive legal instruments to ensure rapid, proportional, and lawful responses to economic shocks. Regulations should be updated to include emergency economic schemes, fiscal stimuli, and legal procedures for invoking national security clauses in trade agreements. This calls for the formulation of a dedicated Economic Emergency Law, which defines emergency indicators, institutional mandates, decision-making thresholds, and accountability mechanisms. Additionally, Law No. 23 of 1959 on Emergency States must be revised to incorporate economic and hybrid threats as part of emergency classifications, ensuring Indonesia’s legal preparedness aligns with the changing nature of national and global threats.

CONCLUSION

Indonesia, as a state based on law, has a constitutional obligation to safeguard national economic stability as a strategic dimension of national security, especially in the face of evolving global threats. The rule of law mandates that all state actions, including crisis management, must operate within the bounds of constitutional norms while ensuring checks and balances over any extraordinary powers exercised. However, Indonesia's current emergency legal framework for emergencies does not explicitly recognize the concept of an “economic emergency.” Law No. 23 of 1959 concerning Emergency Situations only provides for civil, military, and war

emergencies, thus failing to include economic crises as legitimate grounds for emergency powers. As a result, economic crises are often handled through ad hoc mechanisms, such as the issuance of Government Regulations in Lieu of Law (Perppu) or reactive sectoral interventions, which may compromise legal certainty and institutional coordination. Economic stability is not merely a developmental goal, but a structural pillar of national resilience. Severe disruptions in the economic sector have the potential to trigger socio-political instability, erode public trust, and compromise national defense readiness. Although progressive efforts have been undertaken such as the enactment of Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector (UU P2SK), coordination remains sectorally confined and has yet to achieve a fully integrated crisis management framework.

Therefore, comprehensive legal reform is imperative, with the following strategic directions:

1. Establishment of an Economic Emergency Law.
   This dedicated legislation should explicitly define what constitutes an economic emergency, establish quantifiable indicators and criteria, and set forth procedures for the declaration and termination of emergency status. It must also regulate the scope of emergency powers, including temporary restrictions on capital flows, price controls for critical commodities, emergency fiscal stimulus, and reallocation of budgetary resources. Moreover, it should ensure mechanisms for legal accountability, sunset clauses, and sanctions for abuse of power.
2. Revision of Law No. 23 of 1959 on Emergency Situations.
   The revision should expand the scope of emergency classifications to include non-conventional and hybrid threats, such as systemic economic crises. By recognizing economic collapse as a basis for civil emergency, the law would legitimize extraordinary yet lawful government interventions, providing the same legal footing as traditional emergency types.
3. Integration of International Commitments into National Law.
   Indonesia must adopt implementing regulations, such as Government or Presidential Regulations that detail procedures for invoking national security exceptions under Article XXI of GATT 1994. These instruments would serve as legal safeguards to justify proportional and temporary economic measures, including tariff adjustments, export bans, or import controls, while maintaining Indonesia's compliance with WTO obligations.
4. Development of Emergency Oversight and Accountability Systems.
   Emergency powers should be counterbalanced by robust democratic oversight. Reforms must include mandatory periodic reporting to the DPR, public disclosure of emergency measures, and ex-post judicial review by the Constitutional Court to assess the constitutionality of declarations and actions. Adopting best practices from frameworks such as the U.S. IEEPA would ensure that emergency governance remains effective, transparent, and accountable.

Thus, the rule of law can be elevated as a cornerstone of national economic resilience through two convergent approaches. First, the institutionalization of legal supremacy during crises ensures the availability of economic emergency legal instruments that empower swift yet accountable state action. Second, the strategic mainstreaming of economic resilience into national defense and security frameworks, positioning it not merely as a developmental imperative but as a national security doctrine. With these reforms, Indonesia will be better equipped to navigate economic crises through a proactive, legally sound, and constitutionally aligned response fortifying both economic stability and national sovereignty in an increasingly volatile world.

REFERENCES

Badan penelitian dan pengembangan Kementerian Pertahanan Republik Indonesia. (n.d.). *Perang Dagang AS–Tiongkok: Dampak, Peluang, Tantangan dan solusi strategis bagi Indonesia*.

Ben White. (2016). *Dari Krisis ke Krisis*. Gadjah Mada University Press.

Congressional Research Service. (2024). *The International Emergency Economic Powers Act: Origins, evolution, and use*.

General Agreement on Tariffs and Trade (1947).

If the economic crisis hits Indonesia. (n.d.). *Liputan6. (2023, October 27). "If the Economic Crisis Hits Indonesia". Retrieved from Https://Www.Liputan6.Com.* .

Jimly. Asshiddiqie. (2006). *Pengantar Ilmu Hukum Tata Negara*. Konstitusi Pers.

Jimly Asshiddiqie. (2007). *Hukum Tata Negara Darurat*. Rjawali Pers.

Jimly Asshiddiqie. (2019). *Pengantar Ilmu Hukum Tata Negara.* Rajawali Pers.

Jimly Asshiddiqie. (2024). *Keadaan Darurat Sipil dan Pengecualian*. Rajagrafindo.

Kukuh Komando. (2023). *Krisis Sistem Keuangan di Indonesia: Precautinary Principle sebagai Prinsip Norma Hukum Penanganan*. Raja Grafindo.

Putusan Mahkamah Konstitusi No. 138/PUU-VII/2009.

Rissy, Y. Y. W. (2022). Pendekatan Negara Hukum Krisis Ekonomi: Sebuah Jalan Tengah. *Masalah-Masalah Hukum*.

Salim, H. S., & Nurbani, E. (2024). *Penerapan Teori Hukum pada Penelitian Tesis dan Disertasi*. Rajawali Pers.

Siaran pers bersama: Stabilitas sistem keuangan tetap terjaga. (2025, April 17). *Otoritas Jasa Keuangan.*

Syamsunasir, N. et al. (2022). *Keamanan Nasional*. Deepublish.

Undang-Undang Dasar Negara Republik Indonesia Tahun 1945.

Undang-Undang Dasar Negara Republik Indonesia Tahun 1945.

Undang-Undang Republik Indonesia Nomor 23 Prp Tahun 1959 Tentang Penetapan Keadaan Bahaya.