



Political Legal Challenges for Developing Countries in Confronting Globalization

Sri Djuhana Murti Utari^{1*}, Sugianto²

¹*Universitas Dirgantara Marsekal Suryadarma, Indonesia*

²*Universitas Islam Negeri Siber Syekh Nurjati, Indonesia*

*Corresponding Email: sridjuhanamu@gmail.com

Abstract

Globalization has significantly reshaped the international order, creating both opportunities and profound challenges for developing countries. This study examines the political law challenges confronting developing nations, with Indonesia as a primary case study. Political law, understood as law functioning as both a product and instrument of political power, faces increasing pressure to harmonize domestic regulations with international standards dictated by institutions such as the WTO, IMF, World Bank, and transnational corporations. This dynamic often leads to erosion of regulatory sovereignty, fragmented legal frameworks, and tensions between global commitments and national constitutional mandates, particularly Article 33 of the 1945 Constitution, which emphasizes state control over strategic resources for the people's prosperity. Employing a normative doctrinal legal research method, this study analyzes primary and secondary legal materials through statute, conceptual, analytical, and normative approaches. The findings reveal that globalization exacerbates regulatory fragmentation, weakens law enforcement, and creates power asymmetries in economic diplomacy, as evident in omnibus legislation and investment treaty regimes. While facilitating economic integration, these forces simultaneously undermine state autonomy and social justice objectives. This research highlights the urgent need for resilient normative frameworks that strengthen legal sovereignty while enabling adaptive engagement with global standards.

Keywords: Developing countries, globalization, political law, regulatory sovereignty.

1. Introduction

The dynamics of globalization affect many dimensions (Arsyawal, Hutapea, Shobrin, & Raihana, 2023). It has profoundly transformed the international order by intensifying economic interdependence, cultural exchange, and the flow of information, capital, and technology across borders (Tidake et al., 2025; Widiarti, 2022). For developing countries, this process presents a double-edged sword: opportunities for growth and integration into the global economy alongside significant challenges to national sovereignty, legal systems, and political autonomy. In the realm of political law (*hukum politik*), which examines law as both a product

and instrument of political power, globalization exerts pressure on states to harmonize domestic regulations with international standards—often dictated by powerful actors such as the IMF, World Bank, WTO, and transnational corporations. This dynamic frequently results in the erosion of national and regulatory sovereignty (Khizar & Siddique, 2024; Obstfeld, 2020, 2021), where national legal frameworks must adapt to supranational norms (Christwan & Ginting, 2025; Khairunnisa, 2025), potentially undermining local policy priorities in areas such as economic development, resource management, and social justice.

Developing countries, including Indonesia, face distinctive vulnerabilities (Sulistio & Prihantika, 2025). Historical legacies of colonialism, combined with structural weaknesses in institutional capacity, expose these nations to asymmetric power relations in the global arena. Globalization accelerates the penetration of foreign legal models—ranging from investment protection treaties to intellectual property regimes—that may prioritize market liberalization over equitable development. Political law challenges manifest in the tension between maintaining national legal coherence and complying with global commitments, often leading to fragmented regulatory environments, weakened enforcement mechanisms, and heightened risks of policy capture by external interests. Phenomena such as capital flight volatility, trade imbalances, and the imposition of conditionalities further complicate the state's role as a guardian of public interest.

The urgency of addressing these challenges has intensified in the contemporary era. Rapid technological advancements and geopolitical shifts—exemplified by supply chain disruptions, digital economy governance, and climate-related obligations—demand agile legal-political responses. For Indonesia, as the largest economy in Southeast Asia and a key player in forums like APEC, the stakes are particularly high. Failure to navigate globalization effectively risks perpetuating dependency, exacerbating inequality, and diminishing democratic legitimacy, as domestic laws increasingly reflect external agendas rather than popular sovereignty rooted in the 1945 Constitution. Scholarly attention to political law is thus critical to safeguarding state resilience amid these transformative forces.

Despite a growing body of literature on globalization's economic and social impacts, significant gaps persist in the analysis of *political law* challenges specific to developing countries. Existing studies often emphasize economic integration or general sovereignty erosion without deeply interrogating how law functions as a political tool in mediating global-local tensions, particularly within Indonesia's pluralistic legal system. Few works systematically explore adaptive strategies that balance compliance with international norms and the preservation of national developmental objectives, leaving a novelty vacuum for research that integrates doctrinal legal analysis with political theory.

This study aims to examine the core challenges of political law confronting developing countries in the face of globalization, with Indonesia as a primary case study. It analyzes the interplay between national legal sovereignty and global regulatory pressures, identifies institutional and doctrinal weaknesses, and proposes normative frameworks for resilient political law responses. Through a qualitative doctrinal and normative approach, the research seeks to elucidate mechanisms for harmonizing global commitments with domestic priorities.

The expected contributions are both theoretical and practical. Academically, it enriches the discourse on political law in the global South by offering a context-specific lens. For policymakers, it provides actionable insights to strengthen legal infrastructure, enhance negotiating power in international arenas, and foster inclusive development. Ultimately, this research underscores the imperative for developing countries to proactively shape globalization rather than merely react to it, ensuring that law serves as an instrument of empowerment and justice.

2. Method

This research constitutes normative (doctrinal) legal research of a juridical nature. The study is conducted by analyzing legal norms, principles, concepts, and related legal doctrines without employing empirical field data. The approaches adopted include a statute approach to examine national and international legislation, a conceptual approach to elaborate on the concepts of globalization and political law, a limited comparative approach, as well as an analytical and normative approach to identify weaknesses and formulate recommendations for legal reconstruction. The data sources are entirely derived from secondary legal materials, comprising primary legal materials (legislation), secondary legal materials (books, reputable scientific journals, and other sources), and tertiary legal materials.

Data collection is carried out through library research by systematically searching for and inventorying literature from databases such as Scopus, Google Scholar, and national repositories. Data analysis employs qualitative interpretive and prescriptive methods through inventorying, norm interpretation, gap identification, legal reasoning (deductive, inductive, and comparative), and the construction of normative arguments.

3. Results and Discussion

3.1. Globalization and Challenges for Indonesia as a Developing Country

Globalization has integrated Indonesia into an increasingly interconnected international political economy (Candra, Clodya, Sarlini, & N, 2025), characterized by trade liberalization, inflows of foreign direct investment (FDI), and high capital mobility. As a developing country endowed with abundant natural resources and a

large population, Indonesia has benefited from economic growth and technology transfer. However, this process also generates profound structural challenges, particularly in maintaining the balance between global integration and national interests. From a legal perspective, globalization demands the harmonization of domestic legal norms with international regimes (Bayu, Aji, & Utama, 2025; Suparman, 2009), which frequently creates tensions over sovereignty. This is evident in the pressure to align national regulations with standards set by institutions such as the WTO, IMF, and World Bank, which can reduce the policy space available to the state in managing strategic resources.

One of the primary challenges is economic vulnerability to global market fluctuations. As a major exporter of commodities such as nickel, palm oil, and coal, Indonesia remains highly susceptible to world price volatility. Policies such as the ban on raw mineral exports (introduced in 2014 and strengthened in 2022) aim to promote domestic industrial downstreaming, yet they encounter resistance from trading partners and challenges under WTO rules. In legal terms, this creates issues of consistency with the principles of non-discrimination and market openness enshrined in international trade agreements. As a developing country, Indonesia often occupies an asymmetrical position in negotiations, where global market liberalization priorities can override national development objectives and the protection of domestic industries.

From the standpoint of state sovereignty, globalization weakens the state's capacity to direct economic policy in accordance with constitutional mandates. Article 33 of the 1945 Constitution of the Republic of Indonesia stipulates that the land, waters, and natural resources contained therein shall be controlled by the state and utilized for the greatest prosperity of the people. Nevertheless, globalization pressures—through investment treaties and conditionalities imposed by international financial institutions—frequently encourage deregulation and privatization that risk eroding state control over strategic sectors (Iskandar & Prasetya, 2026). The experience of the 1997–1998 monetary crisis serves as a critical lesson, where the IMF's structural adjustment programs led to rapid liberalization, resulting in political and social instability and the erosion of public trust in national economic sovereignty.

Institutional challenges also arise in the form of regulatory fragmentation and legal uncertainty. Although Law No. 25 of 2007 concerning Investment (as amended by the Omnibus Law on Job Creation) seeks to create a conducive investment climate, its implementation continues to face overlapping central and regional regulations, as well as disputes over local content requirements that are often viewed by foreign investors as trade barriers. This reflects the difficulties faced by developing countries in balancing the attraction of FDI with the protection of national interests, as globalization promotes legal standardization that tends to favor transnational actors.

Furthermore, globalization has exacerbated regional and social inequalities in Indonesia. Integration into global value chains has disproportionately benefited western regions (Java and Sumatra) compared to eastern regions, thereby weakening national cohesion. From the perspective of political law, developing countries like

Indonesia must navigate the dilemma between compliance with international norms (such as commitments under APEC and the WTO) and constitutional obligations to achieve social justice. Dependence on foreign investment also heightens the risks of capital flight and external influence over domestic policymaking, which can diminish political autonomy in strategic decision-making.

Overall, as a developing country, Indonesia confronts multidimensional challenges posed by globalization—economic, political, and legal. This process requires a high degree of adaptive capacity to avoid falling into structural dependency traps. Law, as a political instrument, must serve both as a shield for sovereignty and a bridge for integration, while remaining anchored in the principles of a just rule of law as mandated by the 1945 Constitution. Without a comprehensive strategy, globalization risks further weakening Indonesia's position in an increasingly competitive global order.

3.2. Political Law Challenges in Indonesia

Political law in Indonesia faces fundamental challenges in maintaining the balance between state sovereignty and the demands of global integration (Arini, Aryana, Dian, & Dewi, 2025; Kennedy, 2025; Sumiati, 2025). As an instrument of political power, national law often finds itself in a dilemmatic position, compelled to respond to pressures for deregulation and harmonization with international norms while remaining faithful to constitutional mandates. Article 33 of the 1945 Constitution, which affirms state control over important branches of production and natural resources for the greatest prosperity of the people, serves as the primary foundation; however, its implementation is frequently disrupted by global political dynamics that promote economic liberalization. This creates a structural tension between the principles of economic democracy and the practice of adjustment to free trade regimes.

One of the primary challenges is regulatory fragmentation caused by overlapping provisions between central and regional legislation. Law Number 25 of 2007 concerning Investment, as amended by the Job Creation Law Number 11 of 2020, aims to simplify licensing and improve the investment climate. Nevertheless, this omnibus law approach has drawn criticism for potentially weakening the protection of national interests and local community rights, particularly in land and natural resource management. From the perspective of political law, the legislative process behind this law reflects the exercise of legislative power to accommodate global economic agendas, sometimes at the expense of meaningful public participation.

Another significant challenge lies in the erosion of regulatory sovereignty resulting from international commitments. As a member of the WTO, APEC, and various bilateral investment treaties, Indonesia is obligated to align its domestic laws with principles of non-discrimination, transparency, and investor protection. This situation often restricts the state's policy space to implement industrial protection measures or local content requirements, which essentially constitute manifestations of economic sovereignty. In this context, political law serves as an arena of contestation between national interests and external pressures, requiring state

institutions such as the House of Representatives (DPR) and the central government to continuously engage in political negotiations to preserve autonomy.

Furthermore, weak law enforcement constitutes a serious obstacle in Indonesia's political law landscape. Corruption, legal uncertainty, and political interference in law enforcement agencies undermine the overall legitimacy of the legal system. In the context of globalization, foreign investors frequently demand higher levels of legal certainty, while communities demand distributive justice in accordance with the rule of law principle. This imbalance fosters public distrust in state institutions and reinforces the perception that law tends to favor capital interests over the welfare of the people.

Institutional challenges also emerge in the form of limited state capacity to respond to rapid changes. Globalization drives the emergence of regulations in digital economy, data protection, and foreign investment that require swift adaptation; yet, the legislative process and inter-institutional coordination in Indonesia remain slow and bureaucratic. This weakens Indonesia's position in international legal diplomacy, where developing countries are often placed in a defensive stance against standards established by developed nations and global financial institutions.

The political dimension of law becomes increasingly evident in the polarization of interests between political elites and civil society. Law-making processes are frequently influenced by domestic power dynamics, in which certain interest groups exploit legislative procedures to secure economic advantages amid the flow of globalization. This condition transforms law not merely into a regulatory tool, but also into an arena for the contestation of power that affects the distribution of resources and access to development.

3.3 Globalization and Political Law Challenges in Indonesia

The interaction between globalization and political law in Indonesia generates complex constitutional tensions. Globalization drives the harmonization of national law with international regimes, while political law is required to uphold state sovereignty in accordance with the 1945 Constitution. Article 33 paragraphs (2) and (3) of the 1945 Constitution explicitly state that vital branches of production and natural resources shall be controlled by the state for the maximum prosperity of the people. However, liberalization pressures from organizations such as the WTO, IMF, and bilateral investment agreements frequently constrain the state's policy space in implementing these economic democracy principles.

Table 1. Political Law Challenges of Globalization for Indonesia as a Developing Country

No	Dimension of Challenge	Manifestation of Globalization	Impact on Political Law	Related Legal Instruments	Implications for State Sovereignty
1	Economy and Trade	Trade liberalization & FDI	Pressure for harmonization with WTO rules	Law No. 25/2007 (amended by Job Creation	Reduced policy space for national

2	Regulatory Sovereignty	Bilateral investment treaties & ISDS	Limitation on state authority in public policy	Law) & WTO Agreements Bilateral Investment Treaties (BITs)	industry protection Erosion of economic and regulatory sovereignty
3	Institutional & Legislative	Omnibus Law & deregulation	Centralization of executive power & fast-track legislation	Law No. 11/2020 on Job Creation	Weakening of checks and balances & public participation
4	Law Enforcement	Higher legal certainty demanded by foreign investors	Legal uncertainty & external interest influence	Investment Law & Implementing Regulations	Decline in national legal legitimacy
5	Social & Regional	Inequality from global value chains	Conflict between national and local interests	Article 33 of the 1945 Constitution & Village Law	Threat to social justice and national unity
6	Diplomacy & Asymmetry	Negotiations with developed countries & international institutions	Defensive position in global forums	APEC, G20, and WTO Commitments	Limited bargaining power of developing countries

The Table 1 above presents a comparative analysis between the pressures of globalization and Indonesia's legal-political responses. One concrete manifestation of political law challenges is the erosion of regulatory sovereignty resulting from international commitments. Indonesia's membership in the WTO requires domestic legal adjustments to principles of non-discrimination and prohibitions on allegedly trade-distorting subsidies. Policies on mineral downstreaming, for instance, have repeatedly faced trade disputes for allegedly violating WTO rules. From a political law perspective, this places the state in a defensive position, where legislative and executive powers must continuously balance international compliance with constitutional obligations to protect national interests.

Law No. 25 of 2007 on Investment, as amended by the Job Creation Law No. 11 of 2020, provides a clear example of how globalization influences political law formation. This omnibus legislation seeks to simplify licensing and attract foreign investment through a positive investment list. Nevertheless, the approach has been criticized for potentially diminishing state oversight over strategic sectors and weakening protections for local communities' rights, reflecting the political

contestation between global integration agendas and economic sovereignty principles.

Another challenge arises from the legal pluralism triggered by globalization. Transnational norms originating from international financial institutions and investment treaties often operate in parallel with the national legal system, creating uncertainty in law enforcement. Political law in Indonesia is thus tasked with managing this pluralism to prevent the erosion of the state's legitimacy as the supreme authority in regulating national life.

In the context of economic diplomacy, Indonesia encounters power asymmetries in negotiating international agreements. As a developing country, its bargaining position remains relatively weak vis-à-vis standards established by developed countries and transnational corporations. This is evident in various Investor-State Dispute Settlement (ISDS) cases that frequently challenge Indonesian public policies, compelling the government to consider international litigation risks in every economic policy-making process.

Globalization also strengthens the executive branch's role in political law through omnibus legislation mechanisms. The accelerated and centralized legislative process during the Omnibus Law era demonstrates adaptation to global market dynamics, but simultaneously raises issues of accountability and public participation. From the perspective of political law, this illustrates a shift in the balance of power among government branches in responding to globalization demands.

Furthermore, law enforcement challenges become increasingly complex amid globalization flows. Corruption and foreign interest influence over law enforcement agencies can weaken the state's capacity to protect public interests. Political law must therefore formulate effective oversight mechanisms so that regulations adopted under global influence do not become tools of exploitation but rather instruments of equitable development.

The dynamics of globalization and political law in Indonesia ultimately demand continuous doctrinal reconstruction to strengthen sovereignty resilience amidst global economic integration.

4. Conclusion

This study concludes that globalization presents profound and multidimensional challenges to the political law of developing countries, with Indonesia serving as a representative case. The findings demonstrate that while globalization facilitates economic integration, foreign investment, and technology transfer, it simultaneously erodes regulatory sovereignty, fragments domestic legal frameworks, and creates persistent tensions between international commitments (such as WTO rules and bilateral investment treaties) and constitutional mandates under Article 33 of the 1945 Constitution. Political law in Indonesia faces critical dilemmas in balancing

liberalization pressures with the protection of national interests, social justice, and state control over strategic resources. The interplay between global forces and domestic legal-political dynamics, particularly through omnibus legislation and investment regimes, highlights the need for a more resilient normative framework that strengthens state autonomy without isolating the country from global economic opportunities.

Despite its contributions, this research has several limitations inherent to its normative doctrinal approach. It relies exclusively on secondary legal sources, including statutes, international agreements, scholarly literature, and official reports, without incorporating empirical data from fieldwork or stakeholder interviews. This methodological choice provides depth in legal analysis but limits the study's ability to capture the practical implementation gaps and socio-political realities on the ground. Future research could complement these findings through empirical studies or comparative analyses involving other developing countries. From a policy perspective, this study recommends that the Indonesian government undertake systematic legal reconstruction to enhance regulatory coherence, strengthen negotiating capacity in international forums, and develop adaptive mechanisms that prioritize national developmental objectives while maintaining compliance with global standards. Such efforts are essential to ensure that law functions as an effective instrument of sovereignty and equitable development in the era of globalization.

References

- Arini, K. Y., Aryana, I. S. W., Dian, I., & Dewi, L. (2025). The Implications of Globalization on the Legislative Process in Indonesia. *Jurnal Dialektika: Jurnal Ilmu Sosial*, 23(2), 857–868. <https://doi.org/10.63309/DIALEKTIKA.V23I2.658>
- Arsyawal, A., Hutapea, H. R., Shobrin, M., & Raihana, R. (2023). Analisis Terhadap Hubungan Antara Globalisasi Dengan Pembaharuan Hukum di Indonesia. *Innovative: Journal Of Social Science Research*, 3(2), 1443–1455. Retrieved from <https://j-innovative.org/index.php/Innovative/article/view/454>
- Bayu, P., Aji, S., & Utama, Z. A. (2025). Hukum Sebagai Kenyataan: Teori Sebagai Objek Studi dan Bahan Penelitian. *Al-Zayn : Jurnal Ilmu Sosial & Hukum*, 3(4), 3681–3694. <https://doi.org/10.61104/ALZ.V3I4.1579>
- Candra, M., Clodya, F., Sarlini, H., & N, N. (2025). Peran Globalisasi Dalam Membentuk Dinamika Ekonomi Nasional: Perspektif Ekonomi Politik. *Media Hukum Indonesia (MHI)*, 3(3), 610–614. <https://doi.org/10.5281/ZENODO.15669437>
- Christwan, C., & Ginting, S. (2025). The Influence of Globalization in Indonesia's National Legal Order. *Jurnal Indonesia Sosial Sains*, 6(4), 1077–1087. <https://doi.org/10.59141/jiss.v6i4.1688>
- Iskandar, T., & Prasetya, W. S. (2026). Arahkan Politik Legislasi Di Indonesia Dalam Perspektif Negara Hukum Demokratis. *Jurnal Ilmiah Galuh Justisi*, 14(1), 207–224.

<https://doi.org/10.25157/JUSTISI.V14I1.23090>

- Kennedy, A. (2025). The Role of Indonesian Constitutional Law in Sustaining National Resilience Amid Global Challenges. *Jurnal Lemhannas RI*, 12(4). <https://doi.org/10.55960/jlri.v12i4.957>
- Khairunnisa, L. (2025). The Influence Of Globalixation On Thr Development Of National Law And Judicial Practices. *Journal of Legal and Judicial Studies*, 1(01), 21–28. Retrieved from <https://e-journal.icmandalika.or.id/index.php/JLJS/article/view/44>
- Khizar, D. S., & Siddique, S. (2024). Globalization and the Erosion of National Sovereignty: Challenges and Transformations. *Social Sciences Spectrum*, 3(4), 277–287. <https://doi.org/10.71085/ss.03.04.172>
- Obstfeld, M. (2020). Globalization Cycles. *Italian Economic Journal*, 6(1), 1–12. <https://doi.org/10.1007/s40797-020-00121-4>
- Obstfeld, M. (2021). Globalization and nationalism: Retrospect and prospect. *Contemporary Economic Policy*, 39(4), 675–690. <https://doi.org/10.1111/coep.12527>
- Sulistio, E. B., & Prihantika, I. (2025). Fighting Strategies to Preserve the Existence of Indonesia's Multicultural Society Amidst the Currents of Globalization. *Journal of Research in Social Science And Humanities*, 5(1), 79–90. <https://doi.org/10.47679/jrss.v5i1.307>
- Sumiati, S. (2025). The Influence of Globalization on Political and Social Policies in Indonesia. *Global Education Journal*, 3(1), 265–272. <https://doi.org/10.59525/gej.v3i1.948>
- Suparman, E. (2009). Harmonisasi Hukum Di Era Global Lewat Nasionalisasi Kaidah Transnasional. *Syar Hukum: Jurnal Ilmu Hukum*, 11(3), 245–262. <https://doi.org/10.29313/SH.V11I3.547>
- Tidake, V. M., Sahu, D., Dr. Prathap B N, Ahmed, R., Kaur, M., Dr. Pradeepa K S, & Bhati, P. (2025). Globalization And Its Impact On Business Management And Economic Policies. *Lex Localis - Journal of Local Self-Government*, 23(S5), 1657–1669. <https://doi.org/10.52152/801444>
- Widianti, F. D. (2022). Dampak Globalisasi Di Negara Indonesia. *JISP (Jurnal Inovasi Sektor Publik)*, 2(1), 73–95. <https://doi.org/10.38156/jisp.v2i1.122>