Journal of Legal and Cultural Analytics (JLCA)
Vol. 5, No. 3, 2026 : 401 - 420

The Role of Government Regulations in Lieu of Law as a Constitutional Instrument for Responding to Economic Crises: Realizing Legal Certainty and National Stability in Indonesia

Elen Setiadi[1]*
Borobudur University
Corresponding Author: Elen Setiadi elensetiadi@gmail.com

A R T I C L E I N F O

Keywords: Government Regulation Instead of Law, Economic Crisis, Legal Certainty, National Stability

Received 01 June 2026
Revised : 02 July 2026
Accepted: 06 August 2026

A B S T R A C T

This article aims to analyze the role of the Government Regulation instead of Law (Perppu) as a constitutional instrument in responding to the economic crisis to achieve legal certainty and national stability in Indonesia. The research uses a normative juridical method with a statutory and conceptual approach, supported by an analysis of laws and regulations, Constitutional Court decisions, and relevant legal doctrines. The results show that the Perppu is a legal instrument that has constitutional legitimacy based on Article 22 of the 1945 Constitution of the Republic of Indonesia to address urgent situations, including the economic crisis. The implementation of the Government Regulation in place of Law Number 1 of 2020, which was later stipulated as Law Number 2 of 2020, proves that the Perppu can support fiscal and financial system stability, although it still raises debates regarding the limits of the President's authority, the mechanism of checks and balances, and the protection of citizens' constitutional rights. This study concludes that the use of a Perppu must remain grounded in the principles of the rule of law, legal certainty, proportionality, accountability, and constitutional supremacy to be an effective instrument for addressing the economic crisis while maintaining national stability.

DOI : https://doi.org/10.55927/jlca.v5i3.17035
ISSN-E: 2961-807X
https://journal.formosapublisher.org/index.php/jlca

INTRODUCTION

An economic crisis is an extraordinary situation that can threaten the continuity of government administration, national stability, and public welfare in a relatively short period of time. Indonesia's experience during the 1997–1998 monetary crisis demonstrated that economic shocks can lead to a drastic depreciation of the rupiah, increased inflation, a weakening of the banking sector, rising unemployment, and even declining investor confidence in the national economy (Bachtiar, 2022). A similar situation occurred again when the Coronavirus Disease 2019 (COVID-19) pandemic hit the world, causing a slowdown in economic growth, a decline in international trade activity, disruptions to the global supply chain, and an increase in the country's fiscal burden due to the need for financing health and economic recovery programs (Furqon, 2020). These developments are exacerbated by global inflationary turmoil, geopolitical conflicts, and international financial market uncertainty, which directly and indirectly affect Indonesia's economic stability. In such conditions, the state is required to take policies quickly, precisely, and have strong legal legitimacy so that the administration of government continues to run effectively without ignoring the principles of the rule of law. The mandate is in line with the provisions of Article 1 paragraph (3) of the 1945 Constitution of the Republic of Indonesia which emphasizes that Indonesia is a state of law, while the objectives of state administration as formulated in the Preamble to the 1945 Constitution of the Republic of Indonesia, paragraph four, require the protection of the entire Indonesian nation and the advancement of general welfare as the basis for every government policy (Arliman, 2020).

The dynamic and unpredictable nature of economic crises often renders the mechanism for establishing legislation through normal procedures incapable of immediately addressing legal needs. Under Law No. 12 of 2011 concerning the Establishment of Legislation, as most recently amended by Law No. 13 of 2022, the formation of legislation must go through the stages of planning, drafting, discussion, ratification, and enactment, which require considerable time and political process (Mochtar, 2022). On the other hand, the economic crisis conditions require the government to immediately establish fiscal, monetary, and government administration policies so that the economic impact does not develop into a multidimensional crisis. The requirement for responsive legal instruments is a consequence of the state's obligation to protect the constitutional rights of citizens, as guaranteed in Article 28D paragraph (1) of the 1945 Constitution of the Republic of Indonesia, which states that everyone has the right to recognition, guarantees, protection, and fair legal certainty, as well as equal treatment before the law (Kambu, 2021). Therefore, the Indonesian constitutional system provides an extraordinary legal mechanism through the establishment of a Government Regulation instead of a Law (Perppu) as a form of emergency legislation that can be enacted when the state faces a situation requiring immediate action.

The position of a Perppu as a constitutional instrument is explicitly regulated in Article 22 paragraphs (1), (2), and (3) of the 1945 Constitution of the Republic of Indonesia. Article 22 paragraph (1) stipulates that "in cases of compelling urgency, the President has the right to issue a Government Regulation in Lieu of Law." Article 22 paragraph (2) stipulates that a Perppu must obtain the approval of the House of Representatives in the next session, while Article 22 paragraph (3) states that if approval is not obtained, the Perppu must be revoked. These constitutional provisions indicate that the President's authority to issue a Perppu is not absolute, but remains subject to checks and balances through the legislative oversight function (Saputra, 2015). The position of the Perppu is also emphasized in Article 7 paragraph (1) of Law Number 12 of 2011 as amended by Law Number 13 of 2022 which positions the Perppu as a statutory regulation that has the same position as a law (Kosariza, 2022). A Perppu is legally binding as soon as it is enacted, but it must be approved by the House of Representatives to remain valid. This process reflects the principles of constitutional democracy.

The primary basis for establishing a Perppu is the existence of "compelling emergencies," but this phrase is not specifically defined in the 1945 Constitution of the Republic of Indonesia, leading to various interpretations in constitutional practice. The Constitutional Court, through Decision Number 138/PUU-VII/2009, subsequently established constitutional parameters for circumstances that can be categorized as compelling emergencies. These include an urgent need to resolve a legal issue expeditiously based on law, a legal vacuum or inadequacy of provisions in existing law, and the impossibility of enacting a law through regular procedures due to the excessive time required to resolve the pressing issue. Although these parameters have become constitutional guidelines, their application continues to generate debate in both academic and constitutional practice, particularly regarding the limits of the President's objectivity in determining the existence of a state of emergency and the scope for judicial review by the Constitutional Court of the reasons for establishing a Perppu (Moza Dela Funika Moza, Aryo Akbar, 2022). The debate demonstrates that the use of constitutional authority in emergencies must remain within the framework of constitutional supremacy, the principle of proportionality, and accountability in governance.

Indonesian constitutional practice demonstrates that a Government Regulation instead of Law (Perppu) has been used as a legal instrument to respond to various crises, particularly through Government Regulation instead of Law Number 1 of 2020 concerning State Financial Policy and Financial System Stability for Handling the Coronavirus Disease 2019 (COVID-19) Pandemic and/or in the Context of Addressing Threats Endangering the National Economy and/or Financial System Stability, which was later enacted as Law Number 2 of 2020. The regulation provides the legal basis for the government to reallocate the budget, widen the State Budget deficit, support financial system stability, and implement various national economic recovery policies (Aulawi, 2020). Nevertheless, the substance of the Perppu has drawn various criticisms regarding the expansion of government authority, the House of Representatives' oversight mechanisms, the protection of the public's constitutional rights, and provisions concerning the protection of officials implementing state financial policies. This debate demonstrates that the effectiveness of economic crisis management is determined not only by the speed of regulatory formation, but also by the level of legal certainty, transparency, accountability, and compliance with the principles of a democratic rule of law guaranteed by the constitution.

The development of the practice of issuing Perppu in response to the economic crisis demonstrates the need to reexamine the constitutional limits of the President's use of authority to prevent it from developing into excessive discretion. Previous research has generally focused on the constitutionality of the Perppu, the interpretation of compelling emergencies, or a partial analysis of Government Regulation instead of Law Number 1 of 2020. Studies that comprehensively link the President's constitutional authority, the effectiveness of the Perppu's use in addressing the economic crisis, legal certainty, and its contribution to national stability are still relatively limited. The absence of research on this issue reveals a significant gap in the existing literature that warrants further examination, given that the issuance of a Government Regulation instead of a Law (Perppu) has far-reaching implications for the balance of power among state institutions, the protection of citizens' constitutional rights, and the legitimacy of governmental action during states of emergency (Kosariza, 2022). Research on the role of the Government Regulation instead of Law (Perppu) as a constitutional instrument in responding to the economic crisis is expected to provide a conceptual foundation regarding the limits of emergency powers under the 1945 Constitution of the Republic of Indonesia, strengthen the balance between the need for a rapid legal response and the principles of constitutionalism and the rule of law, and formulate a model for using the Perppu that can guarantee legal certainty while maintaining national stability during a crisis.

LITERATURE REVIEW

The literature on the Government Regulation in Lieu of Law (*Peraturan Pemerintah Pengganti Undang-Undang* or *Perppu*) in Indonesia has primarily focused on its constitutional position, legislative status, and the relationship between presidential authority and the functions of the House of Representatives (*Dewan Perwakilan Rakyat* or DPR). Aminah (2021) examines the position of a Perppu that is not submitted by the President to the DPR, particularly in relation to the constitutional authority and functions of the DPR. Her study highlights the importance of DPR involvement in determining the continued validity of a Perppu, reflecting the constitutional principle that emergency law-making power exercised by the President remains subject to legislative control. Similarly, Ansori (2024) discusses the need to reconstruct the regulation of Perppu within Indonesia's legislative system. His analysis emphasizes that the existence of Perppu must be understood within the broader framework of the hierarchy and procedures of Indonesian legislation, particularly because its issuance involves an exceptional presidential power that operates outside the ordinary legislative process. Meanwhile, Arfai et al. (2022) analyze Perppu as one of the recognized forms of legislation under Law No. 12 of 2022, emphasizing its formal position within the Indonesian legislative framework. Collectively, these studies demonstrate that Perppu occupies a unique legal position: although issued by the President in circumstances requiring immediate action, it remains constitutionally connected to the legislative process and the DPR's authority to determine whether it should be accepted or rejected.

Despite these contributions, the existing literature indicates that several aspects of the Perppu framework require further examination, particularly concerning the normative gap between presidential emergency powers and legislative oversight. Aminah (2021) provides an important perspective on the consequences when a Perppu is not submitted to the DPR, while Ansori (2024) offers a broader reconstruction of the regulatory framework governing Perppu. Arfai et al. (2022), on the other hand, strengthen the understanding of Perppu's formal status as a type of legislation following the enactment of Law No. 12 of 2022. However, these studies can be further developed by examining how the constitutional requirements governing the issuance, submission, approval, or rejection of a Perppu operate in practice and whether the existing legal framework provides sufficient mechanisms to prevent the exceptional emergency power from becoming a means of circumventing the ordinary legislative process. Therefore, the present study builds upon the existing literature by examining the normative and socio-legal dimensions of Perppu, particularly the gap between its formal constitutional regulation and its implementation in the Indonesian legal system. This approach is expected to provide a more comprehensive understanding of the balance between executive emergency powers, legislative oversight, and the principle of the rule of law.

Furthermore, the existing literature suggests that the constitutional justification for issuing a Perppu cannot be separated from the principle of a state of emergency and the requirement of an urgent legal necessity. The exceptional character of Perppu distinguishes it from ordinary legislation because its issuance allows the President to exercise temporary legislative authority when circumstances demand immediate legal intervention. Nevertheless, the existence of an emergency does not automatically eliminate constitutional limitations on executive power. The exercise of such authority must remain grounded in objective legal considerations, constitutional principles, and mechanisms of institutional control. In this context, the interpretation of a "compelling crisis" or "urgent situation" becomes particularly significant because an overly broad interpretation may expand presidential discretion beyond its intended constitutional boundaries. Consequently, examining the legal parameters that justify the issuance of a Perppu is essential to determine whether emergency legislation genuinely responds to an extraordinary situation or instead creates the possibility of bypassing the ordinary legislative mechanism.

The economic crisis context further demonstrates the importance of examining Perppu from both normative and socio-legal perspectives. Economic emergencies may require the government to adopt immediate legal measures to maintain financial stability, protect economic activities, and prevent broader social consequences. However, the urgency of economic intervention must be balanced against the principles of legality, legal certainty, accountability, and democratic oversight. The formal recognition of Perppu within the hierarchy of Indonesian legislation therefore does not, by itself, resolve questions concerning the substantive limits of presidential discretion in issuing emergency regulations.

A socio-legal examination is necessary to understand how constitutional norms governing Perppu interact with institutional practices, political considerations, and the practical demands of crisis management. By addressing this dimension, the present study seeks to contribute to the existing literature by analyzing not only the formal constitutional status of Perppu but also the extent to which its application during an economic crisis remains consistent with the rule of law, constitutional accountability, and the principle of checks and balances.

METHODOLOGY

This study adopts a normative juridical legal research methodology, emphasizing the examination of positive legal norms as the foundation for assessing the role of the Government Regulation in place of Law (Perppu) as a constitutional mechanism for addressing the economic crisis in Indonesia. The research is conducted through library research by analyzing primary, secondary, and tertiary legal materials. The primary legal materials comprise the 1945 Constitution of the Republic of Indonesia; Law Number 12 of 2011 concerning the Formation of Legislation, as most recently amended by Law Number 13 of 2022; Government Regulation instead of Law Number 1 of 2020, which was subsequently enacted as Law Number 2 of 2020; decisions of the Constitutional Court; and other legislation relevant to the subject under investigation.

Secondary legal materials encompass books, academic journals, research findings, and the doctrines or opinions of constitutional law scholars. Meanwhile, tertiary legal materials consist of legal dictionaries, encyclopedias, and other reference materials relevant to the research. This study applies several approaches, including the statute approach, which is used to assess the conformity of Perppu regulations within the national legal system by referring to constitutional provisions and applicable legislation. In addition, the conceptual approach is employed to examine the concepts of the rule of law, constitutional emergency, rule of law, constitutional discretion, legal certainty, and national stability by drawing upon relevant theories, legal principles, and scholarly perspectives. The collected legal materials are analyzed qualitatively through systematic, grammatical, and teleological methods of legal interpretation to formulate comprehensive legal arguments concerning the position, function, and constitutional limitations of Perppu as a legal instrument for addressing economic crises in Indonesia.

The legal materials were collected through a structured literature review of relevant statutory provisions, judicial decisions, academic publications, and authoritative legal references. The selection of legal materials was based on their relevance to the constitutional regulation and implementation of Perppu, particularly in relation to emergency conditions and economic crisis management. The analysis was conducted by identifying, classifying, and comparing the relevant legal norms and scholarly interpretations to determine the consistency between the constitutional provisions governing Perppu and their implementation within the Indonesian legal system. Particular attention was given to the requirements for the issuance of a Perppu, the constitutional role of the President in exercising emergency legislative authority, and the subsequent involvement of the DPR in determining its approval or rejection.

Furthermore, the research employs a normative analytical framework to examine the relationship between executive authority, legislative oversight, and constitutional limitations during an economic emergency. The relevant legal provisions are interpreted in conjunction with constitutional principles and legal doctrines to identify potential normative gaps between the formal regulation of Perppu and its practical application. The analysis also considers the principles of proportionality, accountability, legal certainty, and checks and balances as benchmarks for assessing the legitimacy of emergency legislative measures. Through this methodological framework, the study seeks to formulate a coherent legal assessment of whether the use of Perppu in responding to economic crises remains within the boundaries established by the Constitution and the principle of the rule of law. The findings are subsequently synthesized into legal arguments that explain the constitutional position of Perppu, the scope of presidential discretion, the function of legislative control, and the safeguards necessary to prevent emergency powers from being used beyond their constitutional purpose.

RESEARCH RESULT

Constitutional Basis for Government Regulations in Lieu of Law as Legal Instruments in Emergency Situations

The concept of a state based on law is the main foundation in the administration of government in Indonesia, including in the implementation of constitutional authority to face emergencies that require immediate action. Article 1 paragraph (3) of the 1945 Constitution of the Republic of Indonesia affirms that "the State of Indonesia is a state based on law", which has the consequence that every action of state administrators must be based on law, not solely on the will of power (government by law and not government by man). From the perspective of modern constitutional theory, the rule of law serves not only to limit the exercise of state power but also to provide constitutional legitimacy for the state to act decisively in responding to threats to national security, public welfare, and the broader public interest (Iswari, 2020). This situation gave rise to the concept of a constitutional emergency, an extraordinary state recognized by the constitution that allows the state to exercise certain powers outside of normal government mechanisms without diminishing the principle of constitutional supremacy. A constitutional emergency differs from an absolute state of emergency in that all government actions must remain based on constitutional norms, be subject to oversight mechanisms by state institutions, and be legally accountable. Therefore, the use of legal instruments in a state of emergency is not intended to diminish the principles of democracy and the protection of human rights, but rather serves as a constitutional means to ensure the continuity of government, safeguard national interests, and protect the rights of citizens when the state faces threats that cannot be resolved through normal legal mechanisms.

The constitutional basis for the establishment of a Government Regulation in Lieu of Law (Perppu) is expressly regulated in Article 22 of the 1945

Constitution of the Republic of Indonesia. Article 22 paragraph (1) states that "in cases of compelling urgency, the President has the right to issue a Government Regulation in Lieu of Law." This provision grants the President, as head of state and head of government, the authority to create norms that have the same legal force as laws when the state faces circumstances that make it impossible to create laws through normal procedures. Article 22 paragraph (2) further stipulates that a Perppu must receive approval from the House of Representatives in the following session, while Article 22 paragraph (3) emphasizes that if approval is not obtained, the Perppu must be revoked. The regulation emphasizes that the President's authority is not a form of absolute power but is instead exercised within the framework of the checks and balances system, reflecting one of the fundamental characteristics of a democratic state governed by the rule of law (Ansori, 2024). The approval of the House of Representatives constitutes a form of political control over emergency powers, ensuring that the balance between branches of power is maintained in accordance with the principles of constitutionalism.

The position of the Perppu (Government Regulation in Lieu of Law) within the Indonesian legal system demonstrates its strategic role in addressing legal vacuums when the state faces urgent circumstances. Article 7 paragraph (1) of Law Number 12 of 2011 concerning the Formation of Legislation, as most recently amended by Law Number 13 of 2022, places Laws and Government Regulations in Lieu of Laws at the same level in the hierarchy of laws and regulations. This equality demonstrates that, upon enactment, a Perppu has the same binding force as a law, thus serving as the legal basis for governance and the formation of strategic state policies. However, the nature of the validity of the Perppu is basically temporary (temporary legislation) because its continued validity depends on the approval of the People's Representative Council as regulated in Article 22 paragraph (2) of the 1945 Constitution of the Republic of Indonesia. This character distinguishes the Perppu from laws that are born through ordinary legislative procedures, while also emphasizing that its formation is an exception to the mechanism for forming laws, which can only be used in circumstances that truly fulfill constitutional requirements (Rohmah, 2021). Therefore, a Perppu is viewed as a form of emergency legislation intended to maintain the effectiveness of state administration without neglecting the principle of legality.

The phrase "urgent circumstances that compel" as a primary requirement for the issuance of a Perppu is not explicitly defined in the 1945 Constitution of the Republic of Indonesia, leading to various interpretations in state administration. The Constitutional Court later provided clarity regarding the meaning of this phrase through Decision Number 138/PUU-VII/2009. In this decision, the Constitutional Court established three constitutional parameters that must be cumulatively met: the existence of circumstances that create an urgent need to resolve legal issues expeditiously based on law, the existence of a legal vacuum or inadequacy of regulations in existing law, and the impossibility of enacting a law through regular procedures due to the excessive time required while the urgent situation requires immediate resolution. These three parameters serve as objective benchmarks for assessing whether the President has a constitutional basis for issuing a Perppu. The definition of a compelling emergency is therefore not based solely on the President's subjective judgment, but must be constitutionally verifiable based on factual circumstances that truly demonstrate an urgent legal need. The interpretation reinforces the principle that the use of emergency powers remains within the scope of constitutional supremacy and may not be used as a political instrument to circumvent normal legislative mechanisms (Arfai, 2022).

Developments in constitutional practice demonstrate that the judicial review of Government Regulations instead of Law (Perppu) does not stop with Constitutional Court Decision Number 138/PUU-VII/2009. In Decision Number 37/PUU-XVIII/2020, the Constitutional Court reaffirmed that the existence of a Perppu as a legal norm can still be tested for its constitutionality as long as it still has legal consequences for the public. This approach demonstrates that the President's authority to issue a Perppu is inseparable from the judicial review mechanism, which serves as an instrument for constitutional protection. This oversight is crucial given that a Perppu has the same force of law from the moment it is enacted, potentially impacting citizens' constitutional rights. The Constitutional Court, through various decisions, has also emphasized that the assessment of the existence of a compelling emergency is not entirely within the President's discretion but can be tested based on objective parameters established by the constitution and court decisions. The existence of this judicial review mechanism demonstrates that the Indonesian constitutional system upholds the principle of constitutional supremacy as the foundation for overseeing and limiting the exercise of emergency powers by the executive branch (Tigor Einstein, Muhammad Ishar Helmi, 2020).

The relationship between the President's authority and the House of Representatives' supervisory function in the formation of a Perppu reflects the application of the principle of separation of powers accompanied by a mechanism of mutual supervision (checks and balances). The President is given constitutional authority to establish a Perppu in response to circumstances requiring immediate action, while the House of Representatives has the authority to accept or reject the Perppu in the next session as stipulated in Article 22 paragraph (2) and paragraph (3) of the 1945 Constitution of the Republic of Indonesia. This regulation demonstrates that the issuance of a Government Regulation in Lieu of Law (Perppu) does not diminish the legislative function of the House of Representatives but instead enables the President to respond swiftly to extraordinary circumstances, subject to subsequent political review and approval by the legislature. This institutional balance serves as an important constitutional safeguard against the abuse of executive discretion and helps prevent the excessive concentration of power in the executive branch (Aminah, 2021). From the perspective of a democratic state governed by the rule of law, the existence of a mechanism for approval by the House of Representatives and judicial review by the Constitutional Court establishes a comprehensive oversight system so that the use of Perppu (Government Regulation in place of Law) continues to comply with the principles of legality, accountability, proportionality, and protection of citizens' constitutional rights in all circumstances, including when the country faces an economic crisis or other emergency.

Implementation of Government Regulations in Lieu of Law in Responding to the Economic Crisis in Indonesia

The dynamics of the economic crisis in Indonesia demonstrate that changes in global economic conditions can have a significant impact on national stability and governance. The monetary crisis of 1997–1998 is a clear example of how pressure on the rupiah exchange rate, rising foreign debt, a weakening banking sector, and declining investor confidence led to an economic contraction that culminated in a multidimensional crisis. Similar conditions resurfaced when the Coronavirus Disease 2019 (COVID-19) pandemic spread globally in early 2020. Restrictions on public activities, decreased household consumption, disruptions to the global supply chain, slowed investment, rising unemployment, and weakened international trade activity caused Indonesia's economic growth to contract. This situation is further exacerbated by global economic uncertainty resulting from geopolitical conflicts, soaring energy prices, global inflation, and monetary policies of developed countries that impact international capital flows (Hardiyanto, 2022). In such circumstances, the government is required to take extraordinary measures to maintain the continuity of government functions, protect the business sector, maintain public purchasing power, and safeguard the stability of the national financial system. This necessity underpins the use of legal instruments that enable the government to adopt and implement urgent economic policies with immediate legal effect, without having to wait for the completion of the ordinary legislative process required for the enactment of statutes.

The government's response to this situation is realized through the establishment of Government Regulation instead of Law Number 1 of 2020 concerning State Financial Policy and Financial System Stability for Handling the Coronavirus Disease 2019 (COVID-19) Pandemic and/or in the Context of Addressing Threats Endangering the National Economy and/or Financial System Stability. The establishment of this Perppu is based on the President's authority as stipulated in Article 22 paragraph (1) of the 1945 Constitution of the Republic of Indonesia, which grants the President the right to issue a Perppu in cases of compelling urgency. Subsequently, the Perppu received approval from the House of Representatives and was stipulated as Law Number 2 of 2020 concerning the Determination of Government Regulation in Lieu of Law Number 1 of 2020 into Law. The regulatory substance in the regulation provides room for the government to relax fiscal policy by widening the State Budget deficit limit, which was previously limited to three percent of gross domestic product as stipulated in Article 12 paragraph (3) of Law Number 17 of 2003 concerning State Finance. In addition, the regulation provides a legal basis for budget reallocation, financing pandemic handling, rescuing the financial sector, and implementing the National Economic Recovery Program as a strategic step to reduce the social and economic impacts of the pandemic (Gunawan, 2020).

The implementation of Government Regulation instead of Law No. 1 of 2020 has made a significant contribution to maintaining fiscal stability and the national financial system during the crisis. The government has the flexibility to increase state spending to finance the health sector, provide social assistance, support micro, small, and medium enterprises, provide tax incentives, and provide stimulus for businesses under pressure due to the pandemic. From a financial system perspective, the regulation strengthens coordination between the government, Bank Indonesia, the Financial Services Authority, and the Deposit Insurance Corporation (LPS) in maintaining financial sector stability through various policy instruments. This coordination aligns with the provisions of Law No. 9 of 2016 concerning the Prevention and Management of Financial System Crises, which places financial system stability as a key prerequisite for maintaining the sustainability of the national economy. Expansionary fiscal policy, characterized by increased government spending, has effectively served as a safeguard against the economic slowdown and has supported the recovery process following the economic downturn in 2020 (Mahardika, 2020). This situation demonstrates that the Perppu provides legal certainty for the government to take strategic steps that were previously impossible under normal state financial regulations.

The impact of the implementation of a Government Regulation in Lieu of Law (Perppu) extends beyond fiscal stabilization, as it also brings about a fundamental shift in the paradigm of public financial management to enable the state to respond more effectively to emergency. The government gains legal legitimacy to make more flexible adjustments to the State Budget, accelerate the procurement of goods and services, provide various tax incentives, and expand social protection programs for communities affected by the pandemic. This policy encourages accelerated economic recovery, increases business resilience, and strengthens household consumption as a key driver of national economic growth. From a governance perspective, the Perppu's implementation also demonstrates the importance of coordination between state institutions in addressing economic crises that require a swift and integrated response. Nevertheless, the fiscal policy flexibility provided through the Perppu must be viewed as temporary and does not alter the fundamental principles of accountable, transparent, and responsible state financial management as mandated by Article 23 of the 1945 Constitution of the Republic of Indonesia (Sahputra, 2021).

The implementation of Government Regulation in Lieu of Law No. 1 of 2020 has also sparked debates regarding the limits of the President's constitutional authority during emergencies. One of the main advantages of the Perppu is its ability to provide a swift legal basis for the government to adopt strategic policies when the law-making mechanism cannot meet urgent needs. This legal certainty allows the government to act responsively to maintain national economic stability and prevent a broader crisis. On the other hand, several provisions of the Perppu have drawn criticism because they may broaden the government's discretionary authority while reducing the effectiveness of oversight mechanisms governing the use of state finances. The debate has even become the object of a judicial review at the Constitutional Court through Constitutional Court Decision No. 37/PUU-XVIII/2020, which essentially affirms the constitutionality of Law No. 2 of 2020 while still placing all government policies within the framework of the rule of law and the principle of accountability. This decision demonstrates that the use of the Perppu as a constitutional instrument does not eliminate the possibility of judicial oversight of its substance or implementation if deemed to be in conflict with the 1945 Constitution of the Republic of Indonesia (Dwiprigitaningtias, 2020).

The practice of using emergency legislation in various countries shows that granting special powers to the government in emergencies is a common mechanism in modern constitutional systems. The United States, for example, uses the National Emergencies Act as the legal basis for the President to take certain steps when a national emergency occurs, while Germany regulates the emergency mechanism through the Notstandsverfassung provision in the Grundgesetz, which maintains parliament as a supervisory body for the use of extraordinary government powers. France also recognizes regulations regarding the *état d'urence,* which grants additional powers to the government in the face of serious threats to the state, but remains under the supervision of parliament and the judiciary. This comparison shows that the use of emergency legislation instruments is always accompanied by constitutional limitations to prevent the development of abuse of executive power. Indonesia's experience with the issuance of Government Regulation instead of Law Number 1 of 2020 demonstrates that the successful use of a Government Regulation instead of Law (Perppu) in responding to the economic crisis depends heavily on balancing the government's need for swift action with the effectiveness of checks and balances, judicial oversight, policy transparency, and adherence to the principles of a democratic rule of law, as guaranteed by the 1945 Constitution of the Republic of Indonesia.

The Role of Government Regulations in Lieu of Law in Achieving Legal Certainty and National Stability in Indonesia

Government Regulations in Lieu of Law (Perppu) hold a strategic position as a constitutional instrument that guarantees legal certainty when the state faces circumstances requiring immediate action. Legal certainty is a fundamental element of a rule of law state, as affirmed in Article 1 paragraph (3) of the 1945 Constitution of the Republic of Indonesia, which states that Indonesia is a state based on law. This guarantee is reinforced by Article 28D paragraph (1) of the 1945 Constitution of the Republic of Indonesia, which grants everyone the right to recognition, guarantees, protection, and fair legal certainty, as well as equal treatment before the law. In an economic crisis, the need for legal certainty becomes even more crucial as the government must immediately establish policies that provide clear direction for the public, business actors, investors, and financial institutions. The absence of an adequate legal basis creates uncertainty in government decision-making exacerbate economic conditions, and reduce public trust in the state. Therefore, the existence of a Government Regulation in Lieu of Law (Perppu) serves as a constitutional means to fill a legal vacuum or address regulatory inadequacies that cannot be resolved through regular legislative procedures. This function demonstrates that the Perppu serves not only as an emergency legal instrument but also as a mechanism to maintain the continuity of government administration based on the principles of legality and legal certainty.

The President's exercise of authority to issue a Government Regulation instead of a Law (Perppu) must be understood as a constitutional authority with specific limits within the framework of a democratic state governed by law. Article 22 paragraph (1) of the 1945 Constitution of the Republic of Indonesia grants the President the right to issue a Government Regulation in Lieu of Law (Perppu) in cases of compelling emergency, but this authority cannot be interpreted as unlimited power. A democratic state governed by law requires that every exercise of government authority be based on the principles of legality, proportionality, accountability, and the public interest. The Constitutional Court, through Decision Number 138/PUU-VII/2009, established objective parameters regarding the requirements for issuing a Government Regulation in Lieu of Law (Perppu): an urgent legal need, a legal vacuum or inadequacy, and the impossibility of issuing a law through regular procedures due to time constraints. These parameters serve as a control instrument to prevent the President from using his authority to issue a Government Regulation in Lieu of Law (Perppu) for political or administrative purposes that do not meet constitutional requirements. Therefore, the legitimacy of issuing a Government Regulation in Lieu of Law (Perppu) depends on the government's ability to demonstrate that the circumstances it faces truly meet the criteria for compelling emergency as defined in the Constitution and interpreted by the Constitutional Court.

The potential for abuse of authority in the formation of a Government Regulation in Lieu of Law (Perppu) remains a significant concern in the Indonesian constitutional system, given that this instrument grants the President extensive authority within a relatively short period of time. This risk could arise if the determination of a compelling emergency is based solely on subjective government considerations without an effective oversight mechanism. The Indonesian constitutional system has established a checks and balances mechanism through Article 22 paragraphs (2) and (3) of the 1945 Constitution of the Republic of Indonesia, which requires every Perppu to obtain approval from the House of Representatives during its next session. This mechanism constitutes a form of political review of the President's use of emergency powers. In addition to legislative oversight, the existence of the Constitutional Court, as the executor of judicial power under Article 24 paragraph (2) and Article 24C paragraph (1) of the 1945 Constitution of the Republic of Indonesia, provides space for testing the constitutionality of laws derived from Perppu, thereby ensuring the protection of the supremacy of the constitution. This synergy between political and judicial oversight reflects the application of the principle of separation of powers, which aims to prevent the concentration of power in the executive branch.

The existence of a Perppu must also be placed within the framework of protecting citizens' constitutional rights as one of the main objectives of a state based on the rule of law. Policies adopted through a Perppu generally have a direct impact on the rights of the people, both in the economic, social, and public service sectors. Therefore, the substance of a Perppu must continue to respect the principle of respecting, protecting, and fulfilling human rights as stipulated in Article 28I paragraph (4) of the 1945 Constitution of the Republic of Indonesia, which emphasizes that the protection, advancement, enforcement, and fulfillment of human rights are the responsibility of the state, especially the government. The implementation of a Perppu that limits certain rights based on an emergency must meet the principles of proportionality, real need, and be carried out for legitimate purposes according to the Constitution. A Perppu must not be used as a basis for arbitrarily reducing the essence of citizens' constitutional rights, but must be directed towards protecting the interests of society more broadly. Thus, the balance between the effectiveness of government policies and the protection of constitutional rights is a key indicator in assessing the legitimacy of the use of a Perppu as a constitutional instrument.

The implications of using a Perppu for national stability relate not only to economic aspects, but also to political, social, and legal stability, and public trust in state institutions. The legal certainty created through the issuance of a Perppu can send a positive signal to business actors, investors, and financial institutions that the government has a clear legal basis for managing the economic crisis. This contributes to maintaining financial system stability, the sustainability of economic activity, and increasing public trust in state policies. Conversely, using a Perppu that is not based on constitutional parameters has the potential to create legal uncertainty, political conflict, diminish government legitimacy, and weaken public trust in the state system. National stability is ultimately determined not only by the government's success in controlling the economic crisis, but also by the state's ability to maintain a balance between the effectiveness of emergency measures and respect for the principles of the rule of law and democracy. Therefore, the use of a Perppu should always be considered an exceptional measure, used only when all constitutional requirements have been objectively met.

The ideal framework for the future use of a Government Regulation instead of Law (Perppu) in responding to economic crises should emphasize stronger constitutional parameters, greater transparency, and more effective oversight among state institutions. In addition, the issuance of a Perppu should be based on clear and objectively measurable criteria for determining a compelling emergency, thereby minimizing interpretive uncertainty and ensuring greater consistency in constitutional governance and administrative practice. Strengthening coordination between the President, the House of Representatives, the Constitutional Court, Bank Indonesia, the Financial Services Authority, and other state institutions is a crucial factor in ensuring that every emergency policy has strong legal legitimacy and continues to respect the principles of constitutionalism and the rule of law. Furthermore, periodic evaluation of the effectiveness of the Perppu needs to be conducted through legislative oversight and public accountability mechanisms to ensure that every policy adopted truly benefits the public and maintains national stability. More comprehensive regulations regarding the procedures, scope, and limits of the use of Perppu in legislation are also needed to strengthen legal certainty and reduce the potential for future abuse of authority. Thus, the Perppu will continue to function as an effective constitutional instrument in responding to the economic crisis without compromising democratic values, constitutional supremacy, and the protection of citizens' constitutional rights.

CONCLUSIONS AND RECOMMENDATIONS

The Government Regulation instead of Law (Perppu) is a constitutional instrument that plays a strategic role in enabling the state to respond quickly to economic crises without neglecting the principles of the rule of law. The existence of the Perppu, as stipulated in Article 22 paragraphs (1), (2), and (3) of the 1945 Constitution of the Republic of Indonesia, provides a legal basis for the President to take extraordinary measures in cases of compelling urgency, while remaining under the approval mechanism of the House of Representatives and constitutional oversight by the Constitutional Court. The implementation of the Government Regulation instead of Law Number 1 of 2020, which was later stipulated as Law Number 2 of 2020, demonstrates that the Perppu is capable of being an effective instrument in maintaining fiscal stability, maintaining the financial system, and supporting national economic recovery during times of crisis. However, the use of the Perppu still faces various problems, including the absence of more detailed normative parameters regarding the meaning of compelling urgency, the potential for expanding executive discretion, and the need to strengthen the checks and balances mechanism so that the formation of the Perppu remains in line with the principles of legal certainty, constitutional democracy, and the protection of citizens' constitutional rights. Therefore, the effectiveness of a Perppu as a constitutional instrument is determined not only by the speed of its enactment, but also by its compliance with the principles of legality, proportionality, accountability, and constitutional supremacy, the main pillars of Indonesia's rule of law.

Strengthening regulations regarding the use of Perppu is necessary through refinement of the provisions in Law Number 12 of 2011 concerning the Establishment of Legislation, as most recently amended by Law Number 13 of 2022, particularly by formulating more objective and measurable indicators for compelling emergencies based on developments in state practice and Constitutional Court decisions. Strengthening the oversight mechanism by the House of Representatives and optimizing the constitutional review function by the Constitutional Court are also necessary to prevent the use of Perppu from becoming an instrument that opens up room for abuse of executive authority. Furthermore, every Perppu enactment should be based on academic studies, risk analysis, and comprehensive impact evaluation so that the resulting policy not only addresses legal needs in emergencies but also provides legal certainty, maintains public trust, protects citizens' constitutional rights, and strengthens economic and national stability sustainably within the framework of a democratic rule of law.

The formulation of these objective indicators can be derived from the Constitutional Court Decision Number 138/PUU-VII/2009, which establishes three cumulative conditions for a compelling urgency. These parameters must be explicitly integrated into formal statutory law to limit presidential subjectivity and prevent executive overreach. Without a clear codification of what constitutes an economic crisis or a legal emergency, overly broad executive discretion risks giving rise to authoritarian measures that erode democratic legitimacy. Therefore, standardizing the emergency parameters serves as a foundational pillar to ensure that extraordinary measures remain within an accountable legal framework.

Regarding oversight, optimizing the functions of the House of Representatives (DPR) and the Constitutional Court (MK) acts as a crucial anchor for checks and balances. The DPR must tighten its assessment of the president's subjective judgment during the subsequent sitting period without turning the evaluation into a pragmatic political commodity. Concurrently, the Constitutional Court, through its judicial review function, must ensure that formal and material examinations of a Perppu are conducted swiftly and objectively to prevent prolonged legal vacuums or the ongoing violation of citizens' constitutional rights. The synergy between these institutions guarantees that a Perppu serves not only as a responsive crisis-management tool but also remains strictly subordinate to the principle of constitutional supremacy.

ADVANCED RESEARCH

Further research should examine the constitutional and socio-legal dimensions of the Government Regulation in Lieu of Law (*Peraturan Pemerintah Pengganti Undang-Undang* or *Perppu*) as an instrument for addressing economic and financial crises within Indonesia's constitutional framework. Although Article 22 paragraphs (1), (2), and (3) of the 1945 Constitution provides the constitutional basis for the President to issue a Perppu in circumstances of compelling urgency, further investigation is required into the practical application of this constitutional threshold and the extent to which it effectively limits executive discretion. The enactment of Government Regulation in Lieu of Law Number 1 of 2020, which was subsequently enacted as Law Number 2 of 2020, provides an important case for examining how emergency legislative powers operate during a national economic crisis. Future research should therefore assess whether the existing mechanisms of approval by the House of Representatives (*Dewan Perwakilan Rakyat* or DPR) and constitutional review by the Constitutional Court (*Mahkamah Konstitusi*) provide sufficient safeguards against excessive executive power. Particular attention should be given to the relationship between emergency legislative action, the principles of legality, proportionality, accountability, legal certainty, and constitutional supremacy, as well as their implications for the protection of citizens' constitutional rights.

Further research is also necessary to develop more objective and measurable criteria for determining the existence of a “compelling urgency” (*kegentingan yang memaksa*) as a prerequisite for the issuance of a Perppu. Such research could critically evaluate the adequacy of Law Number 12 of 2011 concerning the Establishment of Legislation, as amended, particularly in light of Constitutional Court jurisprudence and developments in Indonesian state practice. Future studies may also explore models for strengthening parliamentary oversight, improving constitutional review, and establishing more systematic procedures for assessing the economic, social, and legal impacts of a proposed Perppu. The incorporation of academic assessment, risk analysis, and impact evaluation could provide an additional accountability mechanism before and after the issuance of emergency regulations. Accordingly, further research should not merely assess whether a Perppu is effective in responding to an emergency, but also examine whether its use remains proportionate, accountable, and consistent with democratic constitutionalism. Such an approach would contribute to the development of an emergency law framework that is capable of responding rapidly to economic crises while simultaneously safeguarding legal certainty, public trust, constitutional rights, and the long-term stability of Indonesia's democratic rule of law.

Further research should examine the constitutional and socio-legal dimensions of the Government Regulation in Lieu of Law (*Peraturan Pemerintah Pengganti Undang-Undang* or *Perppu*) as an instrument for addressing economic and financial crises within Indonesia's constitutional framework. Although Article 22 paragraphs (1), (2), and (3) of the 1945 Constitution provides the constitutional basis for the President to issue a Perppu in circumstances of compelling urgency, further investigation is required into the practical application of this constitutional threshold and the extent to which it effectively limits executive discretion. The enactment of Government Regulation in Lieu of Law Number 1 of 2020, which was subsequently enacted as Law Number 2 of 2020, provides an important case for examining how emergency legislative powers operate during a national economic crisis. Future research should therefore assess whether the existing mechanisms of approval by the House of Representatives (*Dewan Perwakilan Rakyat* or DPR) and constitutional review by the Constitutional Court (*Mahkamah Konstitusi*) provide sufficient safeguards against excessive executive power. Particular attention should be given to the relationship between emergency legislative action, the principles of legality, proportionality, accountability, legal certainty, and constitutional supremacy, as well as their implications for the protection of citizens' constitutional rights.

Further research is also necessary to develop more objective and measurable criteria for determining the existence of a "compelling urgency" (*kegentingan yang memaksa*) as a prerequisite for the issuance of a Perppu. Such research could critically evaluate the adequacy of Law Number 12 of 2011 concerning the Establishment of Legislation, as amended, particularly in light of Constitutional Court jurisprudence and developments in Indonesian state practice. Future studies may also explore models for strengthening parliamentary oversight, improving constitutional review, and establishing more systematic procedures for assessing the economic, social, and legal impacts of a proposed Perppu. The incorporation of academic assessment, risk analysis, and impact evaluation could provide an additional accountability mechanism before and after the issuance of emergency regulations. Accordingly, further research should not merely assess whether a Perppu is effective in responding to an emergency, but also examine whether its use remains proportionate, accountable, and consistent with democratic constitutionalism. Such an approach would contribute to the development of an emergency law framework that is

capable of responding rapidly to economic crises while simultaneously safeguarding legal certainty, public trust, constitutional rights, and the long-term stability of Indonesia's democratic rule of law.

REFERENCES

Aminah, S. (2021). *Kedudukan Peraturan Pemerintah Pengganti Undang-Undang yang Tidak Diajukan Presiden Dihubungkan dengan Wewenang dan Fungsi Dewan Perwakilan Rakyat Disertasi*. Universitas Sultan Ageng Tirtayasa.

Ansori, L. (2024). Rekonstruksi Peraturan Pemerintah Pengganti Undang-Undang (Perppu) dalam Sistem Perundang-Undangan Indonesia. *Konferensi Nasional Asosiasi Pengajar Hukum Tata Negara Dan Hukum Administrasi Negara*, *2*(1), 163–196.

Arfai, N. H. T. D. F. Z. dan. (2022). Analisis Perppu sebagai Salah Satu Jenis Peraturan Perundang-Undangan Berdasarkan UU No. 12 Tahun 2022. *Limbago: Journal of Constitutional Law*, *2*(3), 361–377.

Arliman, L. (2020). Mewujudkan Penegakan Hukum yang Baik untuk Mewujudkan Indonesia sebagai Negara Hukum. *Doctrinal*, *2*(2), 509–532.

Aulawi, A. (2020). Penerbitan Peraturan Pemerintah Pengganti Undang-Undang Nomor 1 Tahun 2020 sebagai Strategi Kebijakan Pajak Pemerintah Indonesia dalam Menghadapi Dampak Pandemi COVID-19 terhadap Keuangan Negara. *Jurnal Pendidikan, Akuntansi Dan Keuangan*, *3*(2), 110–132.

Bachtiar, A. (2022). Krisis Ekonomi Dunia 2022. *Jurnal Ilmu Ekonomi Pembangunan*, *18*(2).

Dwiprigitaningtias, S. N. R. dan I. (2020). Kebijakan Presiden dalam Menangani Perekonomian Indonesia saat Pandemi Covid-19 dalam Peraturan Pemerintah Pengganti Undang-Undang (Perppu) Nomor 1 Tahun 2020. *Jurnal Dialektika Hukum*, *2*(1), 1–18.

Furqon, F. A. dan I. K. (2020). Peran Pajak sebagai Instrumen Kebijakan Fiskal dalam Mengantisipasi Krisis Ekonomi pada Masa Pandemi COVID-19. *FINANSIA: Jurnal Akuntansi Dan Perbankan Syariah*, *3*(2), 255–274.

Gunawan, S. R. (2020). Analisis Kekebalan Hukum bagi Komite Stabilitas Sistem Keuangan (KSSK) Berdasarkan Undang-Undang Republik Indonesia Nomor 2 Tahun 2020 tentang Penetapan Peraturan Pemerintah Pengganti

Undang-Undang Nomor 1 Tahun 2020 tentang Kebijakan Keuangan Negara dan . *Jurnal Ilmu Sosial Dan Pendidikan*, *4*(4).

Hardiyanto, A. R. H. dan F. (2022). Lembaga Keuangan dan Kebijakan Publik dalam Menangani Krisis Ekonomi Global. *Syntax Literate: Jurnal Ilmiah Indonesia*, *7*(10), 17710–17719.

Iswari, F. (2020). Aplikasi Konsep Negara Hukum dan Demokrasi dalam Pembentukan Undang-Undang di Indonesia. *JCH (Jurnal Cendekia Hukum)*, *6*(1), 127–140.

Kambu, W. M. (2021). Tinjauan Yuridis tentang Hak Asasi Manusia Berdasarkan Pasal 28D Ayat (3) Undang-Undang Dasar 1945. *Lex et Societatis*, *9*(1), 10–26.

Kosariza, S. F. dan. (2022). Analisis Yuridis Penetapan Peraturan Pemerintah Pengganti Undang-Undang (Perppu) oleh Presiden Berdasarkan Undang-Undang Dasar Negara Republik Indonesia Tahun 1945. *Limbago: Journal of Constitutional Law*, *2*(1), 123–135.

Mahardika, A. G. (2020). Potensi Penyimpangan Hukum dalam Peraturan Pemerintah Pengganti Undang-Undang Nomor 1 Tahun 2020. *Jurnal Hukum Ius Quia Iustum*, *27*(2), 264–284.

Mochtar, Z. A. (2022). *Politik Hukum Pembentukan Undang-Undang*. Buku Mojok.

Moza Dela Funika Moza, Aryo Akbar, dan A. M. S. A. (2022). Tinjauan Yuridis Kedudukan Peraturan Pemerintah Pengganti Undang-Undang (Perppu) dalam Menakar Negara Berada dalam Ikhwal Kegentingan Memaksa oleh Presiden. *Jurnal Panorama Hukum*, *7*(2), 100–109.

Rohmah, M. A. N. dan E. I. (2021). Menimbang Kegentingan Memaksa sebagai Syarat Penerbitan Peraturan Pemerintah Pengganti Undang-Undang (Perppu). *Ma'mal: Jurnal Laboratorium Syariah Dan Hukum*, *2*(6), 647–670.

Sahputra, F. W. N. R. (2021). Implementasi Pemerintah dan Pelaku Usaha dalam Kebijakan Ekonomi: Perppu No. 1 Tahun 2020. *Muhammadiyah Law Review*, *2*(2), 78–86.

Saputra, D. E. (2015). Kedudukan Undang-Undang dan Perppu dalam Perspektif Penafsiran Hukum Tata Negara. *Khazanah: Jurnal Studi Islam Dan Humaniora*, *13*(1).

Tigor Einstein, Muhammad Ishar Helmi, dan A. R. (2020). Kedudukan Peraturan Pemerintah Pengganti Undang-Undang Nomor 1 Tahun 2020 Perspektif Ilmu Perundang-Undangan. *SALAM: Jurnal Sosial Dan Budaya Syar-I*, *7*(3), 595–612.