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Omnibus Law and the Paradox of Progress:

A Critical Discourse Analysis of Labor Rights and Investment Flexibility in Post-Reform Indonesia

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Abstract

This study examines the legislative discourse surrounding Indonesia's Job Creation Law (Omnibus Law), focusing on the inherent tension between attracting foreign direct investment and upholding constitutional labor protections. Since the 1998 Reformation, Indonesia has struggled to balance neoliberal economic aspirations with social justice mandates. Utilizing Critical Discourse Analysis (CDA) on parliamentary debates, policy white papers, and judicial review transcripts, this research identifies a dominant narrative of "emergency economic acceleration" used to justify the erosion of severance pay, job security, and environmental safeguards. The findings suggest that the Omnibus Law represents a significant shift toward a "flexicurity" model that lacks the robust social safety nets found in Western counterparts, effectively creating a paradox where legal progress for capital mobility

results in legal regression for labor rights. This paper argues that such legislative strategies may undermine long-term democratic stability by deepening socio-economic inequality. It provides a cautionary case study for other emerging economies attempting to reform complex legal landscapes through high-speed, multi-sectoral legislation.

Keywords: Omnibus Law, Labor Rights, Investment Policy, Critical Discourse Analysis, Indonesia

Introduction

The 1998 Reformasi marked a profound transformation in Indonesia's political and economic architecture. The resignation of President Suharto initiated a democratic transition characterized by decentralization, constitutional amendments, and market-oriented reforms. Post-authoritarian Indonesia sought to reposition itself within the global economy by promoting liberalization and attracting foreign direct investment (FDI), reflecting broader global trends associated with neoliberal globalization (Harvey, 2005).

Amid intensifying regional competition for capital inflows, policymakers framed regulatory complexity and rigid labor laws as structural impediments to investment. In response, the government enacted the Job Creation Law (Omnibus Law) in 2020, an extensive legislative reform designed to streamline licensing, harmonize overlapping regulations, and enhance business flexibility. The law amended more than seventy existing statutes across labor, environmental, and investment sectors, reflecting a strategy of accelerated regulatory consolidation.

However, the legislative process was marked by social contestation. Labor unions, environmental groups, and civil society organizations criticized the law for weakening severance protections, expanding outsourcing provisions, and diluting environmental safeguards. The controversy culminated in judicial review proceedings before the Constitutional Court of the Republic of Indonesia, which declared the law "conditionally unconstitutional" due to procedural deficiencies while allowing it to remain temporarily in force. This episode illustrates the tension between executive-driven economic reform and constitutional governance in post-Reform Indonesia.

At the core of the Omnibus Law debate lies a structural contradiction: the pursuit of investment flexibility versus the constitutional mandate to protect labor rights and promote social justice. Article 27(2) and Article 28D of the 1945 Constitution guarantee the right to work and fair treatment in employment. Yet the Omnibus Law reconfigures employment relations in ways that arguably recalibrate this constitutional equilibrium.

This study conceptualizes the issue as a “paradox of progress.” Regulatory modernization—framed as legal progress—coexists with potential regression in substantive labor protections. The paradox reflects what Polanyi (1944/2001) termed the “double movement,” wherein market expansion generates counter-movements seeking social protection. In Indonesia’s case, the question becomes whether the state’s prioritization of economic acceleration undermines its own constitutional commitments. This research addresses the following questions:

1. How does legislative discourse frame economic urgency in the formation of the Omnibus Law?
2. How are labor rights discursively constructed and positioned within that narrative?
3. What are the ideological implications of Indonesia’s shift toward a “flexicurity” model in the absence of comprehensive welfare guarantees?

This study contributes to socio-legal and political economy scholarship by interrogating how legal texts function as sites of ideological struggle. Drawing on Critical Discourse Analysis (CDA) as developed by Fairclough (1992, 2001), it situates legislative language within broader structures of power, neoliberal rationality, and global capital mobility.

Methodologically, the research demonstrates the utility of CDA in examining legislative reform processes in emerging democracies. By analyzing parliamentary transcripts, executive speeches, and judicial review arguments, the study uncovers how economic narratives are normalized and dissenting voices marginalized.

Comparatively, Indonesia’s experience provides insight for other developing countries pursuing omnibus-style reforms. While regulatory harmonization may enhance investment competitiveness, insufficient institutional safeguards can exacerbate inequality and weaken democratic legitimacy. The Indonesian case thus highlights the risks of adopting flexicurity rhetoric without establishing the redistributive infrastructures characteristic of European welfare regimes (Wilthagen & Tros, 2004).

Literature Review

A. Neoliberal Legal Reform and the Regulatory State

Neoliberalism has become a dominant paradigm shaping legal and institutional reform across both developed and developing economies. Conceptually, neoliberalism advances the primacy of market mechanisms, private enterprise, and competition as the most efficient means of allocating resources (Harvey, 2005). In the legal sphere, this paradigm translates into reforms aimed at deregulation, simplification of bureaucratic procedures, reduction of labor market rigidities, and enhancement of investor confidence. Law, under neoliberal rationality, is not withdrawn but strategically redesigned to facilitate capital accumulation and market expansion.

Contrary to the assumption that neoliberalism implies a minimal state, scholars argue that it produces a reconfigured “regulatory state.” Rather than retreating, the state actively constructs legal frameworks that protect property rights, enforce contracts, and secure conditions favorable to global capital (Sassen, 2006). This transformation shifts the state’s function from direct economic intervention toward regulatory coordination aligned with international competitiveness. Legal reform thus becomes an instrument of economic governance.

Within this framework, deregulation is frequently justified as a response to global investment competition. States compete for foreign direct investment (FDI) by offering streamlined licensing systems, tax incentives, and flexible labor regulations. This competitive environment fosters what is often described as regulatory convergence toward business-friendly norms. However, critics warn that such competition may generate downward pressure on labor and environmental standards, particularly in emerging economies with weaker institutional safeguards.

Omnibus legislative techniques represent a contemporary manifestation of neoliberal reform strategy. By consolidating numerous statutory amendments into a single legislative package, governments can accelerate regulatory transformation and minimize sectoral resistance. This approach frames reform as technical harmonization rather than ideological restructuring. Consequently, complex

political choices are presented as administrative necessities, reducing space for public deliberation.

In post-authoritarian contexts, neoliberal legal reform intersects with democratic consolidation in complex ways. While regulatory modernization may enhance economic growth and international integration, it may also recalibrate the balance between market efficiency and social protection. The literature thus underscores the importance of analyzing not only the economic rationale of reform but also its normative and constitutional implications.

B. Labor Rights and Constitutional Protection

Labor rights are deeply embedded within constitutional frameworks that seek to reconcile economic development with social justice. In Indonesia, the 1945 Constitution guarantees the right to work and to receive fair and equitable treatment in employment. These provisions reflect a normative commitment to protecting workers as rights-bearing citizens rather than merely factors of production. Constitutional labor protections therefore serve as a counterbalance to purely market-driven logics.

From a comparative perspective, labor rights are frequently recognized as fundamental human rights in international legal instruments, including conventions of the International Labour Organization (ILO). Such frameworks emphasize decent work, collective bargaining, and social security as pillars of inclusive development. The entrenchment of labor rights within constitutional and international regimes signals their normative status beyond ordinary statutory regulation.

Nevertheless, the global debate surrounding labor protection remains polarized. Proponents of deregulation contend that rigid employment protection legislation may discourage investment, increase informal employment, and hinder job creation (Botero et al., 2004). From this perspective, labor flexibility enhances economic dynamism and competitiveness in a globalized economy. Legal reforms that reduce severance obligations or expand outsourcing are framed as pragmatic adjustments to market realities.

Conversely, critical scholars argue that weakening labor protections risks intensifying precarity and socio-economic inequality (Standing, 2011). In contexts with limited social safety nets, employment insecurity can exacerbate vulnerability and undermine social cohesion. Labor law, in this view, constitutes a social

institution designed to mitigate structural power imbalances between employers and workers. Its erosion may therefore have broader democratic implications.

In transitional democracies, the constitutionalization of labor rights carries symbolic and practical significance. It embodies a post-authoritarian commitment to social citizenship and equitable development. Any legislative recalibration of labor standards must therefore be examined in light of constitutional principles and democratic legitimacy, rather than evaluated solely through economic efficiency metrics.

C. The Concept of Flexicurity

The concept of flexicurity emerged in Europe as an attempt to reconcile the demands of labor market flexibility with social protection. Most prominently associated with Denmark and the Netherlands, flexicurity seeks to combine flexible hiring and dismissal rules with generous unemployment benefits, active labor market policies, and lifelong learning systems (Wilthagen & Tros, 2004). The underlying assumption is that economic dynamism and worker security are not mutually exclusive.

Flexicurity operates through a triangular balance: flexibility for employers, income security for workers, and strong state-supported activation policies. This balance relies heavily on institutional capacity and fiscal sustainability. Generous unemployment insurance schemes and retraining programs require substantial public expenditure and administrative effectiveness. Consequently, the model is deeply embedded in the welfare state traditions of Northern Europe.

Scholars have noted that flexicurity's success depends on social trust, coordinated industrial relations, and high union density. These socio-institutional foundations facilitate negotiated reforms and mitigate conflict. Without such conditions, labor market flexibility may not be offset by credible security guarantees. The concept therefore cannot be transplanted mechanically across different socio-economic contexts.

In the Global South, where welfare infrastructures are often fragmented or underfunded, the adoption of flexicurity rhetoric may mask asymmetrical reforms. Governments may emphasize deregulation and contractual flexibility while neglecting comprehensive unemployment benefits or reskilling initiatives. This selective adaptation risks producing labor market dualism and expanding informal employment sectors.

The comparative literature thus cautions against uncritical policy transfer. While flexicurity offers a compelling normative framework for balancing efficiency and equity, its implementation requires structural preconditions. Evaluating its adaptation in emerging economies necessitates attention to fiscal capacity, institutional maturity, and social protection coverage.

D. Critical Discourse Analysis in Legal Studies

Critical Discourse Analysis (CDA) provides an analytical lens for examining how language shapes and legitimizes social realities. Norman Fairclough's three-dimensional framework conceptualizes discourse at the levels of text, discursive practice, and social practice (Fairclough, 1992, 2001). This model enables scholars to link micro-level linguistic features with macro-level power structures and ideological formations.

Fairclough emphasizes that policy language often naturalizes particular economic assumptions. Terms such as "efficiency," "competitiveness," and "reform" may appear neutral but carry normative implications. By analyzing vocabulary, modality, and intertextual references, researchers can uncover how legislative discourse constructs economic necessity and marginalizes alternative viewpoints.

Teun A. van Dijk's socio-cognitive approach further enriches CDA by focusing on the relationship between discourse, ideology, and social cognition (van Dijk, 1998). According to van Dijk, elite discourse—such as parliamentary debates and executive statements—plays a crucial role in shaping public understanding. Dominant actors may frame policy choices as inevitable responses to crisis, thereby constraining democratic deliberation.

In legal studies, CDA reveals how statutes and judicial decisions function as sites of ideological negotiation. Legal texts are not merely technical instruments but discursive artifacts embedded within power relations. They reflect struggles between competing visions of economic order and social justice. CDA thus enables a deeper interrogation of how legal reforms are framed and justified.

Applying CDA to legislative debates and judicial review proceedings is particularly relevant in contexts of rapid regulatory transformation. It allows scholars to examine how narratives of urgency, modernization, and global competitiveness are

constructed and institutionalized. Through this lens, law becomes a terrain where economic rationalities and constitutional principles intersect and contest each other.

E. Research Gap

Existing scholarship on large-scale regulatory reform in emerging economies has predominantly focused on economic outcomes, investment flows, and procedural legality. While these analyses are valuable, they often overlook the discursive processes through which reform is legitimized. There remains limited attention to how narratives of crisis and competitiveness shape public and parliamentary perceptions of necessity.

In the Indonesian context, academic discussions of the Job Creation Law have frequently concentrated on doctrinal constitutional issues or sector-specific policy impacts. Few studies systematically analyze parliamentary transcripts, executive speeches, and judicial review arguments as discursive sites of ideological construction. Consequently, the normative framing of reform remains underexplored.

Moreover, there is insufficient examination of how neoliberal reform discourse interacts with constitutional commitments to social justice in post-authoritarian democracies. The tension between market liberalization and rights-based constitutionalism warrants deeper theoretical engagement. Without such analysis, legal reform may be evaluated solely in technocratic terms.

Another gap concerns the broader democratic implications of omnibus-style legislation. Accelerated, multi-sectoral reform processes may compress deliberative space and marginalize dissenting voices. Yet empirical discourse-based studies investigating these dynamics remain scarce within socio-legal scholarship on Southeast Asia. This study addresses these gaps by employing Critical Discourse Analysis to examine legislative and judicial texts. By foregrounding the ideological dimensions of legal reform, it contributes to a more nuanced understanding of how economic narratives shape constitutional interpretation, labor rights, and democratic stability in emerging economies.

Theoretical Framework

A. Discourse, Power, and Hegemony

Understanding legislative reform requires situating legal texts within broader structures of discourse and power. Drawing on Antonio Gramsci's theory of hegemony, policy legitimacy is not secured solely through coercive authority but through the production of consent (Gramsci, 1971). Hegemony operates when dominant groups successfully universalize their particular interests as the general interest of society. In this sense, economic reform is not merely enacted; it is discursively normalized as necessary, rational, and beneficial.

Hegemony is sustained through cultural and institutional apparatuses, including parliamentary deliberations, media narratives, and technocratic policy documents. These arenas function as sites where particular economic paradigms—such as competitiveness, efficiency, and modernization—are framed as common sense. As Laclau and Mouffe (1985) argue, political projects stabilize meaning through discursive articulation, temporarily fixing contested concepts within hegemonic formations. Legislative discourse thus becomes a terrain where economic priorities are articulated as inevitable imperatives.

Language plays a constitutive role in this process. Rather than passively reflecting reality, discourse actively shapes it by defining problems, attributing responsibility, and delimiting policy alternatives. Michel Foucault's conception of power/knowledge underscores how regimes of truth emerge through institutionalized forms of discourse (Foucault, 1980). In legislative settings, expert reports, economic indicators, and crisis narratives can function as authoritative knowledge claims that legitimize sweeping reforms.

Policy language frequently employs modalities of necessity—terms such as “must,” “urgent,” and “strategic”—to construct reform as unavoidable. Such linguistic choices limit the discursive space for dissent and reframe political decisions as technical responses to objective conditions. The construction of economic crisis, whether framed as global competition or domestic stagnation, often serves as a justificatory device for accelerated legal transformation.

In this framework, labor rights debates are not merely juridical disputes but hegemonic struggles over the meaning of development and justice. The contestation between flexibility and protection reflects competing ideological projects. Examining how discourse constructs legitimacy therefore enables a deeper understanding of how legislative reforms secure—or fail to secure—social consent.

B. Political Economy of Legal Reform

Legal reform cannot be separated from the political economy within which it operates. The state functions as a mediator between capital accumulation and social stability, balancing the imperatives of economic growth with the demands of labor and civil society. According to Jessop (2002), the capitalist state exhibits a “strategic selectivity,” privileging certain economic interests while maintaining the appearance of neutrality. Legislative reforms oriented toward investment facilitation may thus reflect structural pressures embedded within global capitalism.

From a political economy perspective, investment-driven legislation emerges in response to both external and internal constraints. Externally, globalization intensifies inter-state competition for capital inflows, pressuring governments to harmonize regulations with global market expectations (Rodrik, 2011). Internally, domestic business elites and transnational corporations exert influence over policy agendas through formal and informal channels. Law becomes a strategic instrument for signaling market openness and regulatory predictability.

Investment-driven reforms often rely on the narrative that economic liberalization will generate employment and broader prosperity. This “trickle-down” assumption frames regulatory flexibility as a precondition for inclusive growth. However, critics argue that such reforms may redistribute risks downward, increasing labor precarity while concentrating gains among capital holders (Stiglitz, 2012). The political economy lens thus highlights distributional consequences embedded within ostensibly neutral legal adjustments.

The state’s mediating role is particularly complex in emerging democracies. On the one hand, governments seek international credibility and investor confidence; on the other, they remain constitutionally bound to protect social rights and democratic participation. This dual accountability may generate tensions when economic reforms appear to recalibrate established protections. Legislative processes, therefore, reflect negotiations among competing social forces rather than purely technocratic considerations. Ultimately, investment-driven legislation must be understood as embedded within broader transformations of global capitalism. Legal texts do not merely respond to economic change; they actively configure the institutional environment in which capital and labor interact. A political economy framework enables analysis of how reform strategies align with or depart from constitutional commitments to social justice.

C. Analytical Framework

This study operationalizes its theoretical commitments through a multi-level analytical framework integrating discourse theory and political economy. The first level concerns textual analysis. At this level, attention is directed toward lexical choices, metaphors, modality, and framing devices within legislative debates and policy documents. Terms such as “streamlining,” “simplification,” or “job creation” are examined for their semantic implications and ideological resonance. Following Wodak’s discourse-historical approach (Wodak & Meyer, 2016), the analysis considers how specific linguistic patterns construct urgency and normalize particular policy directions.

The second level addresses discursive practice, focusing on the production, circulation, and reception of texts. This includes examining who authored draft provisions, how parliamentary debates were structured, and how executive actors framed reform in public communications. Bacchi’s (2009) “What’s the Problem Represented to Be?” (WPR) approach is instructive here, as it interrogates how policy discourse constructs particular conditions—such as regulatory complexity or labor rigidity—as problems requiring intervention. Understanding discursive practice reveals how certain interpretations become dominant while others are marginalized.

The third level concerns social practice, situating discourse within broader economic and political structures. This dimension analyzes how legislative narratives correspond to structural transformations such as globalization, labor market informalization, and shifting state-capital relations. It also considers how power asymmetries shape whose voices are amplified or silenced within policy debates. By linking discourse to structural conditions, the analysis avoids reducing language to mere rhetoric and instead interprets it as embedded within material relations.

These three levels are analytically distinct yet interconnected. Textual features both reflect and reinforce discursive practices, which in turn are shaped by broader social structures. The integration of discourse analysis with political economy enables a holistic understanding of how legislative reform is justified, contested, and institutionalized. Through this framework, the study examines how economic urgency is linguistically constructed, how legislative processes channel particular interests, and how these discursive formations align with structural transformations in the political economy. Such an approach provides a rigorous foundation for evaluating the ideological implications of investment-oriented legal reform in post-authoritarian contexts.

Methodology

A. Research Design

This study adopts a qualitative research design to explore the discursive construction of economic urgency and labor reform within Indonesia's Job Creation Law. Qualitative methodology is particularly appropriate for examining meaning-making processes, ideological positioning, and the socio-political contexts embedded in legal texts. Rather than measuring causal relationships quantitatively, this approach seeks to interpret how language constructs legitimacy, frames policy choices, and shapes public understanding (Denzin & Lincoln, 2018).

The research is grounded in Critical Discourse Analysis (CDA) as both a theoretical orientation and analytical method. CDA enables systematic examination of how discourse reproduces power relations and ideological structures within institutional settings (Wodak & Meyer, 2016). In legislative contexts, CDA facilitates investigation into how policy actors frame economic challenges, justify regulatory restructuring, and position labor rights within broader narratives of national development.

This study integrates textual analysis with contextual interpretation. Legislative discourse is not treated as isolated language but as embedded within political economy structures and constitutional norms. By combining discourse analysis with socio-legal inquiry, the research captures both the linguistic and structural dimensions of reform. The qualitative design also allows for interpretive depth. Rather than limiting analysis to formal statutory provisions, the study examines deliberative processes, argumentative strategies, and institutional interactions. This holistic perspective aligns with socio-legal scholarship that views law as a dynamic social practice rather than a purely doctrinal artifact.

B. Data Collection

Data were collected from multiple primary sources to ensure comprehensive coverage of the legislative and judicial processes surrounding the Job Creation Law. First, official transcripts of parliamentary debates (Dewan Perwakilan Rakyat, DPR) were analyzed. These transcripts provide insight into how legislators articulated economic problems, defended regulatory changes, and responded to criticism during formal deliberations.

Second, government-issued academic papers (*naskah akademik*) and policy white papers were examined. These documents outline the theoretical justification, policy objectives, and regulatory rationale underlying the reform. They serve as authoritative texts framing the intellectual and technocratic basis of the legislation, often presenting reform as evidence-based and economically necessary.

Third, judicial review decisions and hearing transcripts from the Constitutional Court were included as critical sources of counter-discourse. These materials capture constitutional arguments raised by petitioners, governmental defenses, and judicial reasoning regarding procedural and substantive legality. Judicial texts provide a unique lens into how competing interpretations of constitutional labor protections were articulated and evaluated. Fourth, official public statements by executive officials—including press releases, ministerial speeches, and presidential addresses—were incorporated to analyze how reform was communicated to broader audiences. These statements often simplify complex legal provisions into persuasive narratives, highlighting themes such as job creation, competitiveness, and national recovery.

The use of multiple data sources enables triangulation and strengthens the interpretive validity of the analysis. By examining discourse across legislative, executive, and judicial arenas, the study captures the multi-layered construction of reform narratives.

C. Data Analysis Procedure

The data analysis followed a structured and iterative process. First, all collected texts were organized and prepared for coding. The researcher conducted close readings to identify recurring themes, terminologies, and argumentative patterns. This preliminary phase allowed for familiarization with the discursive landscape of the reform process.

Second, thematic coding was conducted using an inductive-deductive approach. Deductive codes were derived from the theoretical framework—such as “economic urgency,” “competitiveness,” “constitutional protection,” and “flexibility.” Inductive codes emerged from the data itself, capturing context-specific expressions and rhetorical strategies. This dual coding strategy ensured theoretical alignment while remaining sensitive to empirical nuance (Saldaña, 2021).

Third, dominant narratives were identified through analysis of frequency, prominence, and intertextual reinforcement. Particular attention was paid to how economic crisis narratives were constructed, how labor protections were framed, and

how dissenting arguments were characterized. Narrative patterns were examined across different institutional settings to assess consistency and variation.

Fourth, strategies of legitimation were analyzed using categories such as authorization (appeals to expert knowledge or legal authority), rationalization (cost-benefit reasoning), moral evaluation (invoking national interest or fairness), and mythopoesis (use of success stories or cautionary tales) (van Leeuwen, 2007). This step enabled systematic examination of how policy changes were justified linguistically and ideologically.

D. Trustworthiness and Rigor

To ensure trustworthiness, the study employed several qualitative rigor strategies. First, source triangulation was applied by comparing discourse across parliamentary transcripts, policy documents, judicial decisions, and official statements. Consistencies and divergences among these sources enhanced interpretive credibility and minimized reliance on a single institutional perspective.

Second, an audit trail was maintained throughout the research process. This included systematic documentation of data selection criteria, coding decisions, analytical memos, and revisions to thematic categories. Maintaining transparent records strengthens dependability by allowing the analytical process to be traced and evaluated (Lincoln & Guba, 1985).

Third, reflexivity was explicitly incorporated into the research design. The researcher acknowledges that interpretation is influenced by normative commitments to constitutionalism and social justice. A reflexive statement was developed to critically assess potential biases and to ensure that interpretations remained grounded in textual evidence rather than preconceived assumptions.

Fourth, prolonged engagement with the data enhanced interpretive depth. Repeated readings and iterative coding reduced the risk of superficial analysis and enabled the identification of subtle discursive patterns. Peer debriefing and consultation with academic supervisors further contributed to analytical robustness.

Collectively, these measures reinforce the credibility, dependability, confirmability, and transferability of the findings. By integrating methodological transparency with theoretical rigor, the study ensures that its conclusions regarding discourse, power, and legal reform are both analytically sound and empirically grounded.

Findings

A. The Narrative of “Emergency Economic Acceleration”

The analysis demonstrates that legislative discourse surrounding the Job Creation Law was structured around a dominant narrative of “emergency economic acceleration.” Parliamentary debates and executive communications consistently framed Indonesia as confronting an urgent economic predicament characterized by regulatory complexity, declining competitiveness, and vulnerability to global market shifts. Crisis narratives, as Boin et al. (2017) argue, often function as political instruments that justify extraordinary policy measures. In this case, economic stagnation was constructed not as a routine developmental challenge but as an exceptional condition requiring swift and comprehensive intervention.

This framing relied heavily on external comparison and global benchmarking. References to regional competitors and international investment indicators positioned Indonesia within a competitive hierarchy, thereby naturalizing reform as a defensive necessity. Hay (1999) explains that crisis narratives can depoliticize structural economic choices by presenting them as inevitable responses to external pressures. Legislative discourse mirrored this pattern, portraying deregulation as compelled by global realities rather than shaped by ideological preference.

Modal expressions emphasizing urgency—such as “must accelerate” and “cannot delay”—further narrowed the space for deliberation. Such linguistic strategies align with what Fairclough (2003) identifies as the technologization of political discourse, where policy decisions are framed as technical imperatives rather than contested normative choices. The acceleration metaphor functioned to legitimize compressed legislative timelines and omnibus consolidation.

Moreover, reform was framed as a collective national project aimed at employment generation and poverty reduction. By embedding deregulatory measures within a moral narrative of public welfare, policymakers invoked what van Leeuwen (2007) terms moral legitimation. Economic liberalization was thus elevated from a technocratic adjustment to a patriotic obligation.

Overall, the narrative of emergency operated as a hegemonic device, constructing economic reform as urgent, necessary, and universally beneficial. This discursive formation reduced critical engagement with potential social costs and reinforced the perception of inevitability.

B. Reframing Labor as an Economic Variable

A significant discursive shift identified in the findings concerns the repositioning of labor from a constitutional rights-bearing subject to an economic variable within cost-efficiency calculations. Legislative debates frequently characterized labor regulations as “burdens” or “rigidities” that constrained investment flows. This transformation reflects what Polanyi (1944/2001) described as the commodification of labor within market society, whereby social relations are subordinated to economic logic.

The language of competitiveness and efficiency dominated parliamentary exchanges. Labor protections—particularly severance pay and restrictions on outsourcing—were discussed primarily in terms of their financial implications for employers. According to Brown and Lauder (2006), such discourses reflect the ascendancy of human capital theory, which reduces labor to an input factor within global production networks. In this context, normative rights become recalibrated as variables in investment calculations.

This reframing also depoliticized labor protections by situating them within technocratic cost-benefit reasoning. Habermas (1975) warns that when economic rationality colonizes normative domains, democratic deliberation risks being supplanted by administrative logic. The debates exhibited this tendency, as references to constitutional guarantees were overshadowed by appeals to economic growth metrics.

The promise of job creation functioned as a justificatory bridge linking deregulation to social benefit. Policymakers argued that increased flexibility would stimulate hiring, thereby benefiting workers collectively. However, as Streeck (2016) notes, reforms that enhance market flexibility without redistributive safeguards may intensify structural inequality. The discourse largely omitted sustained engagement with distributional risks. Consequently, labor was discursively reconstructed as an adjustable component of economic optimization rather than as a bearer of entrenched constitutional rights. This shift signifies an ideological reorientation toward market-centered reasoning within legislative deliberation.

C. The Shift Toward Incomplete Flexicurity

The findings reveal a rhetorical alignment with the concept of flexicurity, yet its implementation appears asymmetrical. Policymakers invoked international models

that balance labor market flexibility with social security, presenting reform as a modernization effort. However, the discursive emphasis disproportionately favored flexibility measures over security guarantees.

Flexibility provisions—such as adjustments to severance pay formulas and expanded contractual arrangements—were elaborated in detail and defended as necessary to reduce employer risk. In contrast, references to social protection mechanisms remained general and under-specified. As Wilthagen and Tros (2004) emphasize, authentic flexicurity requires robust unemployment insurance and active labor market policies. The legislative discourse offered limited evidence of comparable institutional commitments.

This imbalance reflects what Peck (2010) terms “policy mobilities,” wherein elements of global policy models are selectively appropriated without replicating their structural foundations. Flexicurity rhetoric provided symbolic legitimacy, but the security pillar lacked substantive institutional reinforcement. The result is a model that emphasizes adaptability while leaving workers exposed to market volatility.

The weakening of severance protections and reconfiguration of termination rules illustrate this selective adaptation. While framed as enhancing employment dynamism, these measures potentially reduce job security without guaranteeing comprehensive safety nets. The asymmetry suggests a divergence between discursive aspiration and material implementation. Therefore, the shift may be characterized as incomplete flexicurity—retaining the language of balance while privileging investor-oriented flexibility. This selective translation underscores the importance of contextualizing policy transfer within domestic institutional capacity.

D. Environmental and Procedural Implications

The acceleration narrative extended beyond labor regulation to environmental governance and legislative procedure. Environmental impact assessment (AMDAL) requirements were portrayed as administratively burdensome and duplicative. Simplification of licensing processes was justified as essential to removing barriers to investment. Such framing resonates with Dryzek’s (2013) observation that environmental regulation is often recast as an economic obstacle within growth-oriented discourse.

By emphasizing efficiency and streamlining, legislative actors prioritized procedural speed over deliberative inclusiveness. Shortened consultation periods and

omnibus consolidation limited sector-specific scrutiny. According to Rosenfeld (2011), democratic legitimacy depends not only on substantive outcomes but also on transparent and participatory procedures. The compression of legislative timelines thus raised normative concerns regarding deliberative quality.

Environmental safeguards were discursively subordinated to economic acceleration. While official narratives maintained commitment to sustainable development, the emphasis on simplification signaled a recalibration of regulatory oversight. This reflects broader tensions identified by Eckersley (2004), who argues that ecological considerations often yield to market imperatives in neoliberal governance frameworks. Judicial review proceedings later scrutinized these procedural dynamics, highlighting deficiencies in transparency and public participation. The judicial response underscores the institutional friction between rapid reform and constitutional process. Nevertheless, the emergency narrative had already established reform as indispensable to national recovery.

In sum, the findings demonstrate that the logic of acceleration permeated labor, environmental, and procedural domains. The convergence of deregulation, simplification, and expedited lawmaking reflects a governance style oriented toward speed and competitiveness, with significant implications for democratic deliberation and social protection.

Discussion

A. The Paradox of Legal Progress

The findings illuminate a central paradox embedded within the Job Creation Law: legal modernization designed to enhance capital mobility simultaneously generates regression in social protection. On the one hand, the reform represents a significant institutional reconfiguration aimed at simplifying regulation, harmonizing statutes, and strengthening Indonesia's position within global investment circuits. From a formal perspective, such consolidation may be interpreted as legal progress—streamlining fragmented norms and improving regulatory coherence. On the other hand, the recalibration of labor standards and environmental safeguards raises concerns regarding substantive justice.

This paradox reflects broader tensions within neoliberal legal reform. As Kennedy (2006) argues, contemporary governance often prioritizes market facilitation under the guise of technical rationalization, thereby obscuring

distributive consequences. In this context, progress is measured in terms of efficiency, predictability, and investor confidence, while social protection becomes contingent upon economic calculation. The discursive construction of reform as modernization thus conceals the asymmetrical redistribution of risk from capital to labor.

The enhancement of capital mobility is evident in provisions that reduce regulatory uncertainty and lower compliance costs. Such measures align with what Strange (1996) identifies as the structural power of global finance, which incentivizes states to align domestic legal frameworks with transnational market expectations. However, when regulatory flexibility undermines entrenched labor protections, the state's constitutional commitment to social justice may be recalibrated in favor of market imperatives.

This tension resonates with Fraser's (2013) critique of "progressive neoliberalism," wherein emancipatory language—such as empowerment and opportunity—coexists with policies that intensify economic inequality. In the Indonesian case, job creation rhetoric framed deregulation as socially beneficial, yet the material consequences may disproportionately affect vulnerable workers. Legal progress for investment thus coincides with potential regression in social citizenship.

Ultimately, the paradox of legal progress underscores the need to distinguish between procedural modernization and substantive equity. While regulatory harmonization may enhance economic dynamism, its legitimacy depends on maintaining constitutional commitments to labor protection and distributive fairness.

B. Democratic Implications

Beyond distributive concerns, the reform process carries significant democratic implications. The acceleration narrative justified compressed legislative timelines and limited deliberative engagement. Public consultations were perceived as constrained, and sectoral critiques were frequently subsumed under the overarching imperative of economic urgency. Such dynamics raise questions regarding the quality of participatory democracy in post-authoritarian Indonesia.

Deliberative democratic theory emphasizes the importance of inclusive, reasoned debate in legitimizing public policy (Dryzek, 2000). When legislative processes prioritize speed over participation, the deliberative function of parliament may be diminished. The omnibus technique, by consolidating diverse regulatory domains into a single legislative package, restricts opportunities for focused scrutiny

and civil society engagement. As Tushnet (2015) notes, procedural compression can weaken the normative legitimacy of transformative legislation.

The marginalization of public participation is particularly significant in a post-Reformasi context, where democratic consolidation has been closely tied to transparency and civic inclusion. Democratic legitimacy depends not only on electoral authorization but also on continuous public accountability. Accelerated lawmaking risks reintroducing technocratic insulation reminiscent of pre-reform governance patterns, albeit under democratic institutions.

Furthermore, sustained socio-economic inequality may erode public trust in democratic institutions. Piketty (2014) demonstrates that rising inequality can generate political polarization and weaken institutional stability. If labor reforms are perceived as privileging capital interests at the expense of workers, public confidence in representative institutions may decline, undermining democratic resilience.

Therefore, the democratic implications of the reform extend beyond immediate policy outcomes. They concern the broader trajectory of post-authoritarian governance, the robustness of participatory mechanisms, and the capacity of democratic institutions to balance economic competitiveness with social justice.

C. Comparative Perspective

From a comparative standpoint, Indonesia's experience offers instructive lessons for other developing countries pursuing omnibus-style reform. Many emerging economies confront similar pressures to attract foreign direct investment and streamline regulatory frameworks. The appeal of comprehensive legislative packages lies in their efficiency and symbolic demonstration of reform commitment. However, Indonesia's case illustrates the complexities and risks inherent in high-speed, multi-sectoral lawmaking.

Comparative political economy scholarship suggests that policy transfer often occurs under conditions of asymmetrical power and global competition (Blyth, 2013). Governments may adopt reform models perceived as internationally legitimate without fully replicating their institutional safeguards. The selective adaptation of flexicurity principles, for example, highlights the risk of importing flexibility without ensuring robust social protection infrastructure.

High-speed omnibus legislation also poses procedural challenges. As Scheppele (2013) argues, rapid constitutional or statutory transformation can concentrate power within executive branches and weaken legislative oversight. In transitional

democracies, where institutional checks and balances are still consolidating, accelerated reform may strain democratic norms and judicial review mechanisms.

Moreover, the distributive consequences of deregulation may differ significantly across socio-economic contexts. In countries with limited welfare capacity and high informal employment, weakening labor protections may intensify precarity rather than stimulate inclusive growth. Policymakers must therefore consider structural conditions, fiscal capacity, and social trust before replicating similar reform strategies.

In sum, Indonesia's experience serves as a cautionary case study. While omnibus legislation may enhance regulatory coherence and signal pro-investment orientation, it carries substantial risks for social protection and democratic legitimacy if implemented without adequate deliberation and institutional safeguards. Developing countries contemplating similar reforms must balance the imperatives of economic integration with the foundational commitments of constitutional democracy.

Conclusion

A. Summary of Key Findings

This study set out to examine the legislative discourse surrounding Indonesia's Job Creation Law through a Critical Discourse Analysis framework. The findings demonstrate the clear dominance of an "economic acceleration" narrative, which framed regulatory reform as an urgent and unavoidable response to global competition and domestic stagnation. Crisis rhetoric functioned as a legitimizing device, narrowing deliberative space and portraying omnibus deregulation as a rational necessity rather than a contested political choice. In line with scholarship on crisis-driven reform (Boin et al., 2017), economic emergency was discursively constructed to justify rapid and expansive legal restructuring.

The analysis further reveals a significant ideological shift toward what may be described as neoliberal legalism. Labor protections were reframed primarily as economic variables within cost-efficiency calculations, subordinating constitutional guarantees to competitiveness discourse. This reorientation reflects broader

transformations identified in law-and-development scholarship, where legal frameworks increasingly prioritize market facilitation and investor confidence (Trubek & Santos, 2006). The result is a recalibration of the balance between capital mobility and social rights.

Moreover, the adoption of flexicurity rhetoric without fully developed social security mechanisms indicates selective policy translation. Flexibility measures were institutionally detailed, whereas security provisions remained comparatively under-specified. This asymmetry reinforces the conclusion that legal progress in procedural harmonization coexisted with potential regression in substantive labor protection.

Finally, the acceleration logic extended beyond labor regulation to environmental governance and legislative procedure, raising concerns regarding participatory inclusion and constitutional process. The convergence of deregulation, simplification, and expedited lawmaking illustrates a governance style oriented toward speed and competitiveness, with long-term implications for democratic legitimacy.

B. Theoretical Implications

Theoretically, this study contributes to interdisciplinary debates within law and development, socio-legal studies, and political economy. By integrating Critical Discourse Analysis with political economy theory, it demonstrates how legislative texts function as sites of ideological negotiation rather than neutral regulatory instruments. The findings support the argument that law is not merely responsive to economic transformation but actively shapes and legitimizes particular development paradigms (Kennedy, 2003).

The research also enriches discussions on neoliberalism and constitutionalism. It illustrates how neoliberal rationalities can permeate constitutional democracies through technocratic and crisis-oriented discourse, subtly redefining the normative hierarchy between market efficiency and social justice. This dynamic aligns with critical accounts of governance that highlight the juridification of market-oriented reform (Brown, 2015).

Furthermore, the study contributes to scholarship on post-authoritarian democratic consolidation. It shows how hegemonic economic narratives can reconfigure the meaning of constitutional commitments without formal amendment. The interplay between discourse, institutional process, and structural economic pressures underscores the importance of examining legal reform as both a

linguistic and material phenomenon. By foregrounding the paradox of legal progress, the research invites renewed theoretical reflection on how modernization projects intersect with social rights in emerging economies. It highlights the necessity of evaluating reform not only in terms of regulatory coherence but also in terms of distributive justice and democratic legitimacy.

C. Policy Implications

From a policy perspective, the findings underscore the importance of balancing investment facilitation with robust protection of constitutional social rights. Regulatory simplification may enhance investor confidence, but sustainable development requires institutional safeguards that prevent the externalization of economic risk onto vulnerable populations. As Rodrik (2011) argues, durable economic growth depends on maintaining domestic social legitimacy alongside global integration.

Policymakers should therefore ensure that labor market flexibility is accompanied by comprehensive social protection mechanisms, including unemployment insurance expansion, active labor market policies, and accessible retraining programs. Without such measures, flexibility reforms risk generating precarity rather than inclusive employment growth. Institutional design must reflect constitutional mandates guaranteeing fair and equitable labor treatment.

Additionally, legislative procedure should prioritize transparency and participatory engagement. Accelerated omnibus lawmaking may offer administrative efficiency but can undermine democratic deliberation if public consultation is constrained. Embedding structured stakeholder dialogue and impact assessment mechanisms can enhance both legitimacy and policy effectiveness. Finally, future reform strategies should be grounded in constitutional proportionality. Any recalibration of labor standards should be explicitly justified in light of constitutional commitments to social justice, rather than solely through economic competitiveness metrics. Such an approach would align legal modernization with democratic principles and long-term social stability.

D. Limitations and Future Research

This study is subject to several limitations. First, its primary focus on textual and discursive analysis means that conclusions are derived from language, framing, and

institutional documentation rather than from empirical measurement of socio-economic outcomes. While CDA reveals ideological structures and legitimizing strategies, it cannot independently assess the material impact of reform on workers or investment flows.

Second, the analysis concentrates on formal legislative and judicial texts, which may not fully capture informal negotiations, lobbying dynamics, or implementation practices. Law in action may diverge from law in text, particularly in complex regulatory environments. Broader empirical inquiry is necessary to understand how discursive constructions translate into lived realities.

Future research should therefore incorporate empirical socio-legal methodologies, including interviews with policymakers, labor representatives, and affected workers, as well as quantitative assessment of labor market indicators. Comparative studies examining similar omnibus reforms in other developing countries would also enrich understanding of how crisis narratives and neoliberal legalism operate across contexts.

By combining discourse analysis with empirical investigation, subsequent scholarship can further illuminate the long-term implications of high-speed, investment-driven legal reform for democratic governance and social equality.

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