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Welfare State in a Free Market Regime: What Extent does the State Interfere in the Economic Sphere?

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***Abstract* - This study aims to analyze the state's role in affecting the people's economy in Indonesia and the state's role in the welfare of the people in the free market regime. This research is research in the field of law using qualitative research methods with juridical-normative approach methods. In contrast to the free-market knowledge regime, the results showed that the welfare state paradigm emphasizes the importance of the State's role as a political authority to act as an agency that moves and regulates public life. Thus, the concern of the welfare state caller is not the pre-evolved role of the State above the market, but the most important is how to put the involvement of the market and the State appropriately to move public life. Every state institution, executive, legislative and judicial, and independent institutions such as Bank Indonesia, the Financial Services Authority and the Financial Supervisory Board, and local governments have a unique role and authority to intervene in the economic field. There are three things that a country can do to prosper its people: market democratization, the provision of social security-oriented towards improving human resources and the protection of the weak, and the enforcement of fair regulation.**

Index Terms – economy, free market, law, welfare state

INTRODUCTION

The concept of a welfare state was born due to the shortcomings contained in the concept of a night watchman state [1]. When the concept of the night watchman was used, many people from a country that was essentially in the lower group of pyramids based on their economic capabilities were lost. This is because the state's role in the concept of the night guard state is limited to the enforcement of the rules. The state has no role in improving the welfare of its people: it does not provide guarantees on essential areas such as education and health and does not assist the people either in the form of cash or non-cash assistance to people living in hunger. When the state is indifferent as such; a result, the people do not have the soul of nationalism towards the country [2]. This can adversely affect the existence of the country [3].

To foster a sense of people's ownership of the state, the concept of the state was changed [4]. Not only as rule enforcement but also have a role in the welfare of the people. Indonesia also observed it as contained in Article 34 paragraph (1) of the Constitution of the Republic of Indonesia 1945 [5]. The article can explicitly mention that the state has a role as a guarantor for the poor. The state enforces the rules and provides necessities and finances for the needs of the poor. The implementation of the article is the existence of direct cash assistance and free of health costs as provided through the Social Security Organizing Agency [6]. Although the perfection of its implementation can be debated, it can be agreed that Indonesia applies the concept in the country's constitution.

In addition to providing social security for the poor, the state under the constitution also has the authority to control the earth, land, water, and everything that has a significant impact and plays a vital role in people's lives. Affirmation of the mastery of objects that have an essential role for the people by the state is one form of government intervention so that these objects are not monopolized by certain groups and related to their availability for the needs of the people. It is also a form of pre-emptive action so that objects that play an essential role in people's lives do not soar in price due to the ongoing market mechanisms, resulting in these objects not being reachable by the majority [7]. The intervention is one form of implementation of the concept of welfare state used by Indonesia.

Economic problems are a universal problem in which the whole world pays attention to this problem [8]. Because of this attention, the economic system became developed and developed rapidly. The development of this economic system with all the awesomeness of technological engineering cannot be separated from the role and creativity of the economic technocrats of capitalism [9]. The philosophical basis of capitalist economic thought stems from Adam Smith's an Inquiry into the Nature and Causes of the Wealth of Nations, written in 1776. In this book, Smith argues that: Production is the primary source of wealth of a country, namely the cooperation of human labour and resources [10]. With the increasing skills and efficiency of the workforce, wealth will increase in line with the population involved in the production process [11].

Human beings conduct economic activities based on personal encouragement to meet the needs of their life that moves like a human driving force to do anything if the community is willing to pay [12]. Everyone is allowed to pursue his interests without the intervention of the government (Laissez-faire) [13]. To achieve the best in society, the individual seems to be guided by an invisible hand. The fundamentals of Smith's philosophy later became an economic system and have been rooted into an ideology that reflects a way of life [14]. The motives of individual capitalistic interests driven by the philosophy of liberalism have given birth to a free-market economic system [15]. This capitalism then monopolized almost the entire economic system. The system also led to many comments claiming the ability of this free-market system to answer global challenges [16].

Many people consider the capitalist system to have committed various moral crimes turned out that the capitalist economic system has also given birth to a welfare state program [17]. This welfare program aims to lift the condition of weak citizens to survive and enjoy the welfare of capitalist society [18]. Welfare State terminology was first used in English in 1941 to strike a balance between state power and individual freedom [19]. Welfare State, commonly referred to as a prosperous state, is an excellent idea of how a country performs its duties to serve citizens towards a harmonious and prosperous life order [20].

Furthermore, the roots of the welfare state's thinking can be traced to the thought of socialism echoed by Karl Marx [21]. The difference is that the ideas of totalism related to the possession and possession of objects that are entirely owned by the state are not used. The state sorts out what objects or fields should be owned and controlled by the state [22]. The state also recognises individual rights as well as market mechanisms [23]. About objects and fields that affect the people, the state conducts elections based on the level of importance to people's lives and related to the effectiveness and efficiency of such objects and fields when controlled by the state—not allowing the private sector to play a role [24]. This was based on the collapse of countries that used Karl Marx's thinking as entirely as the Soviet Union and several countries in South America [25]. The collapse of these countries was essentially the result of rejecting the mainstream, namely the ongoing capitalism in the world [26]. As a result of the current rejection, the country's economy collapsed, which impacted people's dissatisfaction with his government, so the people of those countries asked for reforms to the country's economic ideology, both gradually and extremely [27].

The economic regime that is becoming mainstream in the world is a free market regime [28]. Under this regime, the country is expected to play a minimum role in market mechanisms. Interventions can be made but implemented to a minimum. If the state intervenes excessively, the country's economy can move backwards [29].

At first glance, perhaps this regime is at odds with the concept of a welfare state. This is seen from the role of the state that is required to be done at a minimum [30]. However, the regime is not entirely at odds with the concept of a welfare state. The Free Market and the Concept of a Welfare State—can go hand in hand to improve people's well-being [31]. Neither is the conflict with the idea of providing social security to the people. Even in practice, countries in the world tend to require business entities or individuals engaged in economics to perform *Corporate Social Responsibility.* In addition, the free-market regime has a significant role to play in the country's economy [32]. The picture is that if the state does manage all areas and does not provide roles to the private sector, then employment will only depend on the provision provided by the state. In addition, if the state conducts management of all fields, there will be no effectiveness and efficiency. The state can lose money on the balance sheet. Ongoing losses can result in a lack of state financing to provide social security to people in need.

State recognition of market mechanisms and impacting the effectiveness and efficiency of economic activity can also impact the proliferation of the private sector in colouring the country's economic activities. With this private role, the provision of employment no longer depends on the state. Wages and salaries from the private sector to the workforce can be one of the sources of improvement of public welfare, which is the same as the purpose of the Concept of the Welfare State [33]. Furthermore, the movement between the economic regime and the concept of a welfare state will increase the human resources of the people, which not only protects the people from unfavourable circumstances but also educates the public to improve their welfare.

Based on the introduction mentioned above, this paper will further focus on answering the following questions: How is the state's role in affecting the people's economy in Indonesia at this time? Moreover, how can the country prosper the people in a free market regime? Based on the formulation of the problem, this study aims to analyse the state's role in affecting the people's economy in Indonesia and analyse the state's role in the welfare of the people in the free market regime.

RESEARCH METHODS

This research uses normative legal research methods. Normative legal research is a study of law that applies norms or library materials as a basis for argumentation [34]. As a legal force in normative research by applying legal principles, the application in research uses systematic law, research that will synchronise regulations vertices and horizontally, and compares the applicable laws and using legal history [35].

This research uses the approach of legal norms, namely the prevailing laws and regulations. Approach to legislation to comprehensively know the regulations used related to the issue studied, whether there is consistency, difference, or conformity between one legal norm and another legal norm. The juridical approach is based on a normative approach in which research in legal discovery efforts in concreto is feasible to resolve a particular lawsuit and analyse various laws and regulations [36].

The nature of this research is Prescriptive or based on applicable provisions. Researchers will parse the problems that occur based on legislation that has relevance to people with disabilities. The problem answered will provide a conclusion that will be the common thread of problem formulation in research. In addition, researchers can provide recommendations or inputs from the results obtained in the research conducted.

RESULTS AND DISCUSSIONS

I. Free Market Relations with the Welfare State

Economic problems are a universal problem in which the whole world pays attention to this problem. Because of this attention, the economic system became developed and developed rapidly [37]. The development of this economic system with all the awesomeness of technological engineering cannot be separated from the role and creativity of the economic technocrats of capitalism [38]. The philosophical basis of capitalist economic thought stems from Adam Smith's an Inquiry into the Nature and Causes of the Wealth of Nations, written in 1776. In this book, Smith argues that: Production is the primary source of wealth of a country, namely the cooperation of human labour and resources. With the increasing skills and efficiency of the workforce, wealth will increase in line with the population involved in the production process.

Human beings conduct economic activities based on personal encouragement to meet the needs of their life that moves like a human driving force to do anything if the community is willing to pay. Everyone is allowed to pursue his interests without the intervention of the government (Laissez-faire). To achieve the best for society, the individual seems to be guided by an invisible hand [13]. The fundamentals of Smith's philosophy later became an economic system and have been rooted into an ideology that reflects a way of life. The motives of individual capitalistic interests driven by the philosophy of liberalism have given birth to a free-market economic system [39]. This capitalism then monopolised almost the entire economic system. The system also led to many comments claiming the ability of this free-market system to answer global challenges [40].

Further, establishing a free market regime without preparing the proper regulatory tools governed by public authorities will only destroy the basic foundations of public life that depart from the bonds of social relations [41]. The free-market system is blind to the priority agenda of the common interests [42]. The resulting profits provide material growth and profit, but a free-market system that runs exclusively will only destroy the social bonds that integrate co-living in public spaces in the long run [43]. The principle of the common good will be destroyed by the principle of a free market based on economic efficiency and self-interest [44].

This condition has been warned by the founding father of the capitalist system, Adam Smith. For Smith, the mechanism of free-market mechanisms by itself would be very dangerous to the public order when each person is simply pursuing his selfish interests [45]. Free market institutions require the support of solidarity and trust character that comes from the spirit of the community so that both sellers and buyers can sit together equally in the process of market transactions. The 18th-century European society of adam smith's life showed a spirit of loyalty, altruism and solidarity that grew out of the healthy civil society community being eroded by the colonisation of free market-based economic territory into every area of public life. In contrast to the free-market knowledge regime, the welfare state paradigm emphasises the importance of the State's role as a political authority acting as an agency that moves and regulates public life [46].

The idea of a Welfare State is not new. The idea of a Welfare State was born around the 18th century. According to Bessant, Watts, Dalton, and Smith (2006), the basic idea of a welfare state goes back to the 18th century when Jeremy Bentham (1748-1832) promoted the idea that government had a responsibility to guarantee the greatest happiness (or welfare) of the most significant number of their citizens [47]. Bentham uses the term 'utility to describe the concept of happiness or well-being. Based on the principle of utilitarianism he developed, Bentham argues that something that can lead to extra happiness is a good thing [48].

On the contrary, something that causes pain is terrible. According to him, government actions should always be directed to increase happiness as many people as possible. Bentham's ideas on legal reform, the role of the constitution, and social research for social policy development made him known as the "father of welfare states" [49].

While in the 1850s in Prussia, the concept of the Welfare State was pioneered by Otto Von Bismarck [50]. In the past, in Europe and America, the idea of a welfare state had clashed with the conception of a capitalistic liberal state. However, it turns out that the clash of the two great ideas has resulted in prosperous countries, especially in Western Europe and North America, where the people live prosperously. These countries can enjoy state services in health and old-age insurance with health and pension insurance programs, free schools, etc. In Germany, for example, citizens get guaranteed free schooling up to university level, get a decent guaranteed livelihood in terms of income and standard of living, get cheap and efficient transportation system services, and unemployed people become dependents of the state. All the country's services are financed.

Other people who helped popularise the welfare system were Sir William Beveridge (1942) and T.H. Marshall (1963) [51]. In the UK, in his report on Social Insurance and Allied Services, known as the Beveridge Report, Beveridge referred to want, squalor, ignorance, disease and idleness as 'the five giant evils' to be fought. In the report, Beveridge proposed a comprehensive social insurance system that he saw to protect people from the cradle to the grave. The impact of the Beveridge report was not only in the UK but also spread to other countries in Europe and even to the US and later became the basis for the development of social security schemes in the country. Unfortunately, this system has its drawbacks. Based on the principles and schemes of insurance, it cannot cover the risks faced by humans, especially if they cannot afford contributions (premiums). Social insurance fails to respond to the needs of particular groups, such as disabled people, single parents, and those who are unable to work and earn income for long periods. Social insurance benefits and coverage are also often not adequate because the amount is small and only covers basic needs at a minimum. In the context of capitalism, Marshall argues that citizens have a collective obligation to contribute to the welfare of others through so-called state institutions. The market's imperfections in providing social services that are the right of citizens have led to injustice. Market inequality must be reduced by the state to ensure social stability and reduce the negative impacts of capitalism. Marshall saw the welfare state system as compensation that the ruling and working classes had to pay to create social stability and nurture capitalist societies. The social services provided are essentially a material expression of citizens' rights in responding to the consequences of capitalism.

There are four general principles of the welfare state, namely:

- The principle of social rights in a democratic state;
- Principles of welfare rights;
- The principle of welfare of opportunity for citizens; and
- Principles of the balance of public and economic authority and economic efficiency

The four general principles of the welfare state have relevance and synergy with the objectives of the development of the Republic of Indonesia. The principle of social rights in a democratic country. Along with the trend of free-market liberal democracy is currently trending around the world, democracy is being reduced to only procedural aspects. Adam Przeworski, for example, defines democracy as a system that facilitates conflict resolution through nonviolent means. While Larry Diamond sees democracy as consolidated when every political agency agrees with democracy as the only legitimate play rule [52]. This minimalist view of democracy and reducing the meaning of democracy also undermines the meaning of democracy. It has also been substantially undermined as a political action to fight for the glory of citizens as the rightful owners of political sovereignty.

The fulfilment of the social rights of citizens is inherently the responsibility of the democratic state. The democratic order in this context cannot be reduced only to the structuring of the rules of political procedural play to elect public officials. The fulfilment of the social rights of citizens is in line with the essential democratic goal of providing the fulfilment of a good standard of the social life of society so that he can use his civil and political rights in their entirety.

The principle of welfare rights, philosophically, the existence of the discourse of the welfare state is supported by philosophical ideas about social justice, especially related to distributive justice. Welfare state policies do not necessarily meet the needs of everyone, but public policies undertaken by the welfare state aim to distribute income fairly to all citizens. One aspect of social justice emphasised as the philosophical foundation of the welfare state is related to the right of each citizen to live decently.

The principle of welfare rights is based on the fulfilment of fundamental human values through social programs to fulfil the life of every citizen. When we understand the substance of social justice radically, welfare rights themselves are fundamentally inherent rights in human beings. In this sense, a society can be seen as a just society, when social rights have been guaranteed in line with civil and political rights.

The principle of equality of opportunity for citizens has a philosophical basis of relevance to the welfare state is also supported by a redistributive social justice base on the principle of welfare opportunities for every citizen. Moon used the concept of redistributive justice from John Rawls to explain the principle of equality of opportunity for citizens in constructing the welfare state if philosophical principles about welfare rights have previously been discussed about the rights of each person to live a decent life that concerns ha katas Education, home, water and electricity, and others.

In the dominant agrarian society, such as Indonesia, where access to land becomes fundamental to live decently, agrarian reform is becoming one of the main avenues to realise welfare access for each citizen [53].

The principle of the balance of public and economic authority and economic efficiency emerged hand in hand with the victory of the liberal free-market democracy knowledge regime, emerging a view that is now a hegemonic discourse on the primacy of free markets in the public space. In the neo-liberal paradigm, society is understood as a collection of the number of individuals so that efforts to meet the interests of society are carried out by meeting the aggressive needs of each person. In the neo-liberal view, the free-market institution in which the trade process takes place is the primary institution that must be established so that each person will be able to meet their needs him. The welfare state departs from a different understanding. In the neo-liberal view, the free market institution in which the trade process takes place is the primary institution that must be established so that each person will be able to meet their needs him.

In the philosophical view of the welfare state, the free market cannot be left to walk alone to regulate the complexities of public life. Free-market mechanisms cannot determine social priorities and tackle poverty and social injustice problems. When free-market mechanisms are allowed to run without borders and regulations, it further widens the gap between social inequality, poverty, and injustice [54].

The importance of the State in the principle of the welfare state is not placed to displace the role of a free market, but the State becomes essential to encourage the free market to function correctly and not marginalise the common interests [55]. Thus, the concern of the welfare state caller is not the pre-evolved role of the State above the market, but the most important is how to put the involvement of the market and the State appropriately to move public life [56].

According to Triwibowo and Bahagijo, departing from recognition of the importance of both market and state authorities, the design of the welfare state philosophically does not hinder the principle of economic efficiency [57]. The welfare state intends to positively move the wheels of the economy to encourage human resources to be utilised productively to drive economic activity by meeting each person's basic needs. Furthermore, the welfare state principle also intends to encourage full participation in the labour market and investment and saving activities.

II. State Intervention on the People's Economy

Indonesia is a republic. The separation of powers is divided into executive institutions, namely the President and his cabinet, and the ministries and bodies under him; legislative institutions, namely the House of Representatives and the People's Consultative Assembly; and judicial institutions, including the Supreme Court and the Constitutional Court [58]. All these institutions have a role in the people's economy, even if at first glance if we focus only on their primary tasks seems far from the field of economy. However, when looking at the duties and authorities of each of these high institutions in detail, all of them have an essential role in improving the welfare of the community. The following are some of the authorities of each of these institutions about economic interventions:

TABLE I
INSTITUTIONAL AUTHORITY AND ECONOMIC INTERVENTION

Institution	Intervention in the State Economy
Executive	1. DETERMINE THE AMOUNT OF TAX AND COLLECT TAXES; 2. PROVIDE SUBSIDIES TO CERTAIN GOODS OR SERVICES; 3. PROVIDE CONVENIENCE AND BUSINESS FACILITIES FOR SMALL-MICRO BUSINESSES; 4. MAINTAINING THE AVAILABILITY OF SPECIFIC PRODUCTS SUCH AS STAPLES BY IMPORT; 5. ESTABLISH AND LEVY TARIFFS ON IMPORTED PRODUCTS; 6. CARRYING OUT LAW ENFORCEMENT IN THE FORM OF INVESTIGATIONS, INVESTIGATIONS AND PROSECUTIONS THAT INTERFERE WITH OR VIOLATE LAWS AND REGULATIONS, ESPECIALLY THOSE RELATED TO THE ECONOMY; 7. I AM APPLYING AND IMPLEMENTING REGULATIONS RELATED TO LABOUR, UTILISATION OF NATURAL RESOURCES, AND RELATED FIELDS.
Making	1. MAKING LAWS RELATED TO LABOUR, UTILISATION OF NATURAL RESOURCES, AND RELATED FIELDS; AND 2. OVERSEE THE POLICIES OF THE EXECUTIVE BODY.
Judicary	1. ENFORCING LAWS AND JUSTICE IN SETTLEMENT OF DISPUTES IN THE ECONOMIC FIELD; 2. CONDUCT MATERIAL TESTS ON LAWS AND REGULATIONS.

There are other institutions, which in the constituency that are mentioned as independent institutions that have the right to determine policies in the economic sector, namely Bank Indonesia as the central bank and the Audit Board of Finance. In addition to the two institutions listed in the Constitution, a Financial Services Authority has a significant role in economics. Bi primarily focuses on the country's monetary policy. The most crucial role of BI is related to its role to maintain the exchange rate of The Indonesian currency, namely the Rupiah, with other currencies. Based on the experience of the economic crisis of 1997-1999, at which time the currency exchange rate weakened more than seventy per cent (70%), resulting in the country's economy becoming in tatters. Domestic industrial debts, which use us dollar (US$), due to the weakening rupiah currency, the amount tripled even more. The impact on entrepreneurs, most of the domestic industries are bankrupt. As a result of the bankruptcy, there was a massive termination of employment, resulting in a decrease in people's ability to meet their needs.

Meanwhile, the Financial Supervisory Board has the central authority to conduct an audit of the use of the State Budget and Regional Budget. When the State Budget and Regional Budget of Revenue and Expenditure can be maximised to build infrastructure and improve human resources, the country can catch up with developed countries' infrastructure and human resources. However, on the contrary, if the Financial Supervisory Board does not have integrity in carrying out its functions, there can be leaks over the State Budget and Budget and the Regional Budget, which is directly proportional to the level of welfare of the people. Other institutions are the Financial Services Authority which has a regulatory role in the financial industry, both banks and non-banks. The Financial Services Authority has a vital role in determining the types of financial products on the market and supervising/regulating the activities of financial institutions. This industry is one of the most critical industries in advancing the welfare of the people. If the regulation and supervision are not carried out carefully, then the financial crisis condition can occur quickly as the economic crisis that occurred in 2008-2009.

In addition to the division of power as mentioned above, power and authority are also divided over the authority and power of the central and regional, especially after the enactment of regulations related to the decentralisation of authority, namely Law no. 32 of 2004 on Local Government which has been replaced by Law No. 23 of 2014. During the decentralisation period, some parts of the authority that was once in the centre were given to the Local Government, which is expected to capture aspirations and directly impact people's lives. However, the division of authority of these centres in some areas several times there is a tug-of-war such as mining business licenses. In addition to effectiveness and efficiency issues, the tug-of-war is also related to synchronising regional-centre policies and central-regional revenue sharing.

One of the bases of the division of central-regional authority is related to the financial results obtained and the raised impacts. When a business movement is carried out in the region, mainly related to natural resource exploration, the surrounding community is most vulnerable to the impacts. For example, gold exploration in Papua is mainly related to gold exploration conducted by PT Freeport Indonesia. Given the abundance of natural resources in the area, the economic growth of the surrounding area should be directly proportional to the company's revenue. However, because the agreement, in this case, the contract of work, is carried out when there has not been a division of central-regional authority, then what happens is that all the profits received by the government are used mainly by the central government, while the directly affected areas, do not get a proportional share-share. As a result, the infrastructure in the area is not built as it should be, in this case, given the natural wealth explored. As a result of this—though not the only reason—a separatist group was born asking for independence.

Another example is the palm oil industry that is spread mainly on the island of Sumatra and Kalimantan. Companies engaged in this field usually use land with a Certificate of Business Rights in an area of thousands of hectares, even more. As a result of the agreement on granting the right to use before the division of power of the central-regional government, the revenue sharing between the centres is disproportionate. As a result, the income earned by the region (both local government and local communities) is not directly proportional to the natural wealth available in the area. Not to mention when there is a prolonged drought or land clearing, which often occurs forest fires. Local communities tend to have more negative impacts than they receive.

III. Various Forms of Intervention by the State to Prosper the People

After Indonesia ratified *the Agreement Establishing the World Trade Organization* (WTO) through Law No. 7 of 1994, Indonesia practically recognised the existence of the WTO and the attachment of the agreement, which is an addendum and inseparable from the *Agreement [59].* Furthermore, the meaning of the ratification is Indonesia's participation in the liberalisation of international trade. The liberalisation is done not directly in a time but instead done step by step. In the explanation section of the law, especially the background section, it is stated: *The benefits of Indonesia's participation in the agreement essentially allow for wider international market opportunities and provide a better multilateral framework for national interests in international trade, particularly in the face of trading partners. Therefore, the consequences that need to be followed up are the need to improve or prepare the necessary laws and regulations. No less important is the preparation, growth, and improvement of the quality of* *human resources, especially the understanding among economic actors and organisers, of the overall approval and various obstacles and challenges surrounding it.*

It has been mentioned above that the purpose of participation is to open international market opportunities and provide a multilateral framework for multilateral protection for the national interest in international trade. However, if understood thoroughly, both reasonable goals can hurt the people.

The WTO establishment agreement is a way to connect the domestic markets in each country to create a market that no longer knows cross-border countries. The positive impact is that a country that is over-resourced by a particular commodity can send it to a country that does not have the resources to produce that commodity and that relationship can be *established*- in the sense that both countries are equally profitable. However, on the other hand, the presence of a market that no longer knows the country's borders can destroy the industry in a country that is unable to produce a commodity at the exact cost compared to the same industry in other countries. For example, in Indonesia, 10 tons of rice can be produced at a production cost of Rp50,000,0000, while in Vietnam, products in the same amount can be produced at a production cost of Rp30,000,000. Differences in the number of production costs can impact the difference in the selling price of commodities so that it can result in rice produced in Indonesia does not sell in the market because the price is higher. Related to this difference in production costs, developing countries and developed countries are not equal, let alone seen from technological factors in the production process. If a country fails to advance its technology, then what happens is that domestic industries cannot export abroad, but foreign industries control the domestic market. As a result, the domestic industry will suffer losses that can be caused by bankruptcy.

The state takes protective measures against domestic industries in negative investment lists and imports tariffs on imported goods to prevent this from happening. Regarding import tariffs, it has been stipulated based on the attachment of the WTO agreement, the *General Agreement on Tariff and Trade* (GATT), that the application of import tariffs cannot be made arbitrarily. In the application of these tariffs, several norms have been regulated, among others [60]:

- The principle of equal treatment for all members*(Most Favoured Nations);* and
- Principle of non-discrimination of imported products and domestic products (*National Treatment*).

Based on these two principles, it is expected that the price created in the market is the price derived from healthy competition between producers. Including considered healthy competition is a manufacturer that can produce products at a lower cost than other companies that do not come from government/state assistance either through subsidies or assistance in other forms. Suppose producers in other countries produce cheaper commodities, but it occurs due to subsidies imposed by the producer's country of origin. In that case, the cost of entry tariffs and standard costs can also be charged the cost of assistance from the government where the producer of the imported goods so that the price is a price created from healthy competition. Examples are as follows:

TABLE II
COMPARISON OF FABRIC PRODUCTION COSTS BETWEEN INDONESIA AND TAIWAN

Taiwan Fabric Manufacturers	Indonesian Fabric Manufacturers
Government Subsidy received Rp900/m2	Government Subsidy received Rp0/m2
Production cost Rp1100/m2	Production cost Rp2100/m2
Import tariff = Regular tariff + subsidy	

With the addition of import tariffs with subsidised items, it is expected that there will be healthy competition between Taiwanese fabric manufacturers and Indonesian fabric manufacturers.

The implementation of entry tariffs can improve the competitiveness of domestic industries. However, given the influx of Indonesia following *free trade area* agreements which tend to abolish such tariffs as the ASEAN Free Trade Area (AFTA), eventually, each producer must improve human resources and technology in the production process to streamline and streamline production costs to compete with its competitors.

For consumers or people who are not producers of commodities, the unification of the market provides an option for the people to choose from the types of products that exist. In addition, price competition between producers can result in people getting a commodity at a lower price than the current commodity prices from the closed market from the international world. As has been the case in communist or socialist countries, most producers are governments or specific people (limited in number because not everyone has the same opportunity to become manufacturers due to regulations). As a result, there are not many choices over one type of commodity in the market. With few options and the closure of the domestic market from the international world, commodity prices in the country are very high which people are likely to be low-skilled to acquire / own / buy such commodities.

In addition to protection by imposing tariff duties, Indonesia also protects the people's interests by issuing a Negative Investment List (DNI) last regulated in

Presidential Regulation No. 44 of 2016. Negative Investment List is a list of related areas categorised as closed to foreign investment and the level of openness. The presence of the Negative Investment List is the implementation of Article 33 paragraph (3) of the Constitution of the Republic of Indonesia 1945 which mentions that the state controls the critical areas and concerning the lives of many people. In these areas, the state does so that the market mechanism's price is not too high to reach for most of the community. For example, in providing clean water, if the private sector is given authority, even foreign investment is given a way to make investments directly, then this field of clean water supply may mainly be managed by companies with significant capital. Mastery by a handful of entrepreneurs and companies and the number of consumers whose numbers are unlikely to decrease—given that water is a necessity, can cause companies and entrepreneurs to determine prices unilaterally. The equilibrium or price point in pricing theory occurs between the cut in the supply and demand levels. If one of the variables, in this case, the supply or demand, does not move normally, then what happens is determining an unhealthy equilibrium point. To avoid this, the state, therefore, controls the field and includes it in the DNI.

Another example of a field included in the Negative Investment List is agriculture. It is mentioned that the maximum foreign control (in the sense of the number of shares) amounted to 49% of the total shares in a company engaged in rice cultivation. For information, land ownership that companies with foreign investment can obtain can reach 25 hectares. Land tenure with everyday use can generally be done within 30 years and extended for one time. Given these things, the cost of importing advanced technology compared to the revenue earned by the company in the future cannot be calculated as a high cost. The use of advanced technology in rice cultivation is indeed beneficial in terms of efficiency and cost-effectiveness. In addition, domestic production levels will also tend to increase. However, on the other hand, Indonesians who work as farmers or farm labourers bear the risk of losing their jobs. Agricultural technology resulted in a decrease in the need for labour in agriculture. Almost all human activities in agriculture can be replaced with robots. If agriculture is massively industrialised, then farmworkers will ultimately lose their jobs. In addition, traditional farmers will also be eroded because the cost of cultivation cannot compete with the cultivation carried out by companies with significant capital.

Indonesia also intervenes in the market by providing subsidies. The provision of subsidies is mainly related to areas that significantly impact the movement of domestic industries and citizens—for example, subsidies for fuel oil. The subsidy is done so that most energy from burning fuel oil does not bear too much production costs. These subsidies, which are directly related to the level of ease of doing business, can provide space for the community to open their business land and not depend on job openings.

In addition to fuel oil subsidies, there are also subsidies for education and health. Education subsidies conducted by the state are without any screening or apply to everyone, regardless of the origin of the economic class. It is expected that with these education subsidies, there can be an improvement in the quality and quantity of human resources. The increase is needed considering the difference or *gap* in human resources owned by Indonesia compared to other countries. In free-market regimes, the quality and quantity of human resources are essential variables to exist or play a role in international trade traffic. In addition to education subsidies, one subsidy has a role no less important for the country's economy. This is a health subsidy. Indonesia subsidises the health sector through the Health Social Security Regulatory Agency. With subsidies in this field, it is expected that people who are mainly from the lower class do not have difficulty getting health facilities.

The last intervention by the government was in the form of arrangements in both private and public law. Regulation is a social technique to create a condition or achieve a specific goal. Arrangements relating to the type of labour that is a particular time worker (contract/temporary) and time workers are not necessarily (fixed) is a technique of the regulator—in this case, the government—to protect the workers' rights. Although the relationship between workers and employers is in the private realm, with labour-related arrangements categorised as general provisions, resulting contract makers cannot arbitrarily make each clause. The parties must comply with the general provisions of the relevant regulations if they do not wish to obtain sanctions or other losses. Parties contracting in a new private domain may exclude the general provisions of an arrangement if granted rights by such arrangement or related.

IV. The welfare of the People in a Free Market Regime

To prosper people in free-market regimes, it is not possible to do so by denying the current trends in international trade [61]. If a country denies the trend and shuts down from international trade, what happens is what people in North Korea experience, namely the low level of economic capability of the people and human resources [62]. Therefore, the author believes that to prosper the people cannot be done by fighting the current, but by following the current and calculating the strategic steps that must be carried out in the current.

First, the welfare of the community can be obtained by democratising the market. Market democratisation is an idea born of democracy, a system in which people are given a role to determine the country's direction. This idea supposes that power is from, by and for the people, meaning that power is basically recognised from the people, and therefore it is the people who determine and give direction and organise the life of the state. The democratisation of the market itself is a democratic process in determining the country's economic life, which is carried out by and for the community without neglecting the market mechanisms.

Given the condition of Indonesian society that is not fully ready with the free market, what the state needs to do in this case is to reduce protection gradually. This is done primarily for two purposes, namely (1). preparing Indonesians who are ready to compete in the international community, as well as (2). avoid dependence on society with protection from the government. If protection is not gradually reduced, whereas other countries do protection with a very minimal, then the ability of the people of Indonesia will be significantly lagging with the state of the international community. If this continues, the gap will widen, especially considering Indonesia's participation in the free market, which has been done since 1994 and the liberalisation of the world economy that is impossible to overcome. The gap difference is more detrimental to society than the losses experienced by the state.

In certain areas formerly controlled by the state, it is also necessary to be given opportunities for privatisation. Privatisation opportunities are open to areas where they can be provided more efficiently, effectively, and cheaply when given to the private sector, for example, electricity privatisation. The State Electricity Company is the only company allowed to provide electricity services. Despite the monopoly in this field, the fact is that the state electricity company continues to lose money. In addition, the technology owned by state electricity companies has been far behind compared to other companies engaged in electricity. Due to the lack of such technology, electricity is still an expensive item for the community. Worse, although often given the addition of State Capital in the company's capital, state electricity companies have not been able to provide electricity to all corners of the country, and the power that can be provided is still low when for the industrialisation of the country, it takes a large amount of electricity. If this field is privatised, companies from both Japan and the United States, renowned for their advanced technologies—such as nuclear power plants—and their efficiency, could be among the producers capable of encouraging the country's power companies to improve. It has become a shared secret that state-owned enterprises are considered uncompetitive companies because if they run a financial deficit, they can easily 'whine' to the government to ask for state capital investment. By providing competitors for state-owned enterprises, it is expected that state-owned enterprises can be encouraged to improve to get profit and produce more efficiently and effectively [63].

Second, the provision of social security-oriented to improve human resources and protection of the weak. To improve human resources, two areas play a significant role, namely health and education. In education, elementary to high school level must be provided at no cost to the community. In addition, overseas education providers such as international schools must also be given access to open services in Indonesia. With the inclusion of international schools and education workers from abroad, it is expected that there will be an improvement in the quality of education in Indonesia. It also opens more significant opportunities for people to send their children after graduating from high school to the world's top universities. We already know that the world's top universities have special requirements related to the curriculum of high school education that can enter directly into the university, and most high schools in Indonesia do not meet the curriculum standards. The choice of education without cost for the community in public schools and with the cost in international schools can be a natural selector to minimise government funding because people who belong to the category of able to tend to send their children to international schools because they have the intention to send their children directly to universities abroad.

Concerning higher education or university level, the government can only focus on providing social security for the poor. The university's admission selection system, which primarily includes public universities, must not include variables in the financial ability of prospective students for undergraduate education or the like. If a student can enter undergraduate education and comes from the weak, the government must actively provide social security. This is to provide equal opportunities for anyone to enter higher education. Students who are not from the weak choose various scholarships issued from both the government and private sectors, focusing on achievement. Indirectly, students are encouraged to compete in achievement to obtain ease of education in scholarships.

In the field of health, social security is given thoroughly regardless of the economic class. This should be done as the arrival time of a disease can is not estimated differently from education. To be able to cover all financing, the state must provide large amounts of funds. Therefore, financing other than in strategic areas should be minimised. In addition, to obtain such funds, the state, in this case through the government, must maximise the withdrawal of taxes.

The third is by the enforcement of fair regulations. The arrangement and enforcement must be consequent. There should be no distinction between the setting and its enforcement. A bad example that can be taken is the case of some Minna Padi mutual fund products. The financial services authority permits the circulation of these financial products. With the permission given by the financial services authority, many customers have made purchases of the product. However, halfway through, the financial services authority asked Minna Padi to stop the product because it provided an 11% *fixed return* guarantee, which regulators prohibit. As a result of the financial services authority's orders, losses suffered by customers amounted to Rp 6 trillion.

Another example is the case that befell Jiwasraya. The board of directors of Jiwasraya insurance is open to the company's condition to the regulator. In 2009 with the permission of regulators and shareholders, the Capital

Market Supervisory Board and Financial Institutions (which were subsequently replaced by the financial authority) and the Ministry of state-owned enterprises, Jiwasraya, conducted an overseas reinsurance scheme consumer confidence in the red plate insurance company. The scheme is used to make the company's financial statements solvent. This is given the financial condition in the 2004 health care provision and the possibility of systemic impact if the insurance company loses consumers. However, as it happens, in 2019, the financial services authority asked to discontinue products that the financial services authority had previously permitted. This caused Jiwasraya to lose the trust of the community and most likely to fail to pay.

In addition, the principal law enforcement officers of the Prosecutor's Office and the Police must carry out their duties with integrity. If these two institutions fail to show their fangs, foreign investors—whose investments are needed by the state to drive the economy—will be reluctant to invest in Indonesia if the country cannot get outside investment. As a result, the economy is likely to run slowly or even backwards. Both institutions must be reformed to minimise the role of political figures and parties in the performance and positioning of both institutions.

CONCLUSIONS

In contrast to the free-market knowledge regime, the welfare state paradigm emphasises the importance of the State's role as a political authority acting as an agency that moves and regulates public life. In the philosophical view of the welfare state, the free market cannot be left to walk alone to regulate the complexities of public life. The importance of the State in the principle of the welfare state is not placed to displace the role of the free market, but the State becomes essential to encourage the free market to function correctly and not marginalise the common interests. Thus, the concern of the welfare state caller is not the pre-evolved role of the State above the market, but the most important is how to put the involvement of the market and the State appropriately to move public life.

Every state institution, executive, legislative and judicial, and independent institutions such as Bank Indonesia, the Financial Services Authority and the Financial Supervisory Board, and local governments have a unique role and authority to intervene in the economic field. Interventions made by the government to the economy to prosper its people, among others, by protection measures against domestic industries in the form of negative investment lists and the application of import tariffs on imported goods, the provision of subsidies, and regulation of both private and public law.

To prosper people in free-market regimes, it is impossible to do so by denying the current trends in international trade or, in other words, not by resisting the current, but by following the flow and calculating the strategic measures that must be carried out in the current. There are three things that the state can do to prosper its people, namely, market democratisation, the provision of social security-oriented to improve human resources and the protection of the weak, and the enforcement of fair regulations.

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