

# COMPARATIVE ANALYSIS OF INDONESIA AND MALAYSIA BUDGET POLICIES IN HANDLING THE COVID-19 PANDEMIC FROM *MAQÂSHID AL-SYARÎ'AH* PERSPECTIVE

Joko Hadi Purnomo<sup>1</sup>, Sulistya Rusgianto<sup>2</sup>, Niswatin Nurul Hidayati<sup>3</sup>

<sup>1,2</sup>Universitas Airlangga, Indonesia,

Jl. Airlangga 4-6 Surabaya

<sup>1,3</sup>Institut Agama Islam Al Hikmah Tuban, Indonesia,

Jl. PP Al Hikmah Binangun Singgahan Tuban

E-mail: <sup>1</sup>joko.hpurnomo@gmail.com; <sup>2</sup>sulistya@feb.unair.ac.id; <sup>3</sup>niswatinnh@gmail.com

**Abstract:** This research aimed to analyze state spending for handling Covid-19 from the perspective of *maqâshid al-syarî'ah* (sharia objective). The analysis was carried out by mapping the Covid-19 budget in five dimensions of *maqâshid al-syarî'ah*, including *hifdz al-dîn* (protection of religion), *hifdz al-nafs* (protection of the soul), *hifdz al-'aql* (protection of thinking), *hifdz al-nasl* (protection of offspring/family), and *hifdz al-mâl* ((protection of property). The mapping results were compared with the budget for each dimension of *maqâshid al-syarî'ah* and the total budget for Covid-19; and finally compared to the total of state budget; as well as total debt. This research used a descriptive quantitative approach. The object of research was ASEAN member countries with the criteria of having more than 50% Muslim population, and their state budget data was available on the official website of the Ministry of Finance which can be accessed via the internet. The results of the research, in Indonesia and Malaysia, allocated funds for handling Covid-19 for the fulfillment of *hifdz al-nafs*, *hifdz al-mâl*, but not for the fulfillment of *hifdz al-nafs* funds. In Indonesia, there was no budget allocation for *hifdz al-dîn*, *hifdz al-'aql*, and *hifdz al-nafs*. Malaysia has allocated Covid-19 handling funds for *hifdz al-dîn* and *hifdz al-'aql*.

**Keywords:** state budget policies; *maqâshid al-syarî'ah*; Covid-19; Indonesia; Malaysia.

**Abstrak:** Penelitian ini bertujuan untuk menganalisis belanja negara untuk penanganan Covid-19 dari perspektif *maqâshid al-syarî'ah*. Analisis dilakukan dengan memetakan anggaran Covid-19 dalam lima dimensi *maqâshid al-syarî'ah*, antara lain *hifdz al-dîn*, *hifdz al-nafs*, *hifdz al-'aql*, *hifdz al-nasl*, dan *hifdz al-mâl*. Hasil pemetaan tersebut dibandingkan dengan anggaran untuk masing-masing dimensi *maqâshid al-syarî'ah* dan total anggaran untuk Covid-19; dan terakhir dibandingkan dengan total APBN; serta total hutang. Penelitian ini menggunakan pendekatan kuantitatif deskriptif. Objek penelitian adalah negara-negara anggota ASEAN dengan kriteria berpenduduk muslim lebih dari 50%, dan data APBN-nya tersedia di situs resmi Kementerian Keuangan yang dapat diakses melalui internet. Hasil penelitian menunjukkan bahwa di Indonesia dan Malaysia, alokasi dana penanganan Covid-19 untuk pemenuhan *hifzh al-nafs*, *hifzh al-mâl*, namun tidak untuk pemenuhan dana *hifdz al-nafs*. Di Indonesia, tidak ada alokasi anggaran untuk *hifdz al-dîn*, *hifdz al-'aql*, dan *hifdz al-nafs*. Malaysia telah mengalokasikan dana penanganan Covid-19 untuk *hifdz al-dîn* dan *hifdz al-'aql*.

**Kata kunci:** state budget policies; *maqâshid al-syarî'ah*; Covid-19; Indonesia; Malaysia.

## Introduction

Corona Virus Disease (Covid-19) was first discovered in Wuhan Province, China. The Chinese government officially reported the existence of the corona virus to the World Health Organization (WHO) on December 31, 2019.<sup>1</sup> Covid-19 in a short

time spread widely throughout the world. On March 12, 2020 the World Health Organization (WHO), declared Covid-19 a pandemic.<sup>2</sup> The positive cases of Covid-19 in the world were 7,273,958 people. The number of deaths as many as 413,372 people

<sup>1</sup> "Covid-19: Kajian kasus di Wuhan muncul sejak akhir Agustus, China sebut hasil itu 'sebagai hal yang konyol'", *bbc.com*, (December 31, 2019), <https://www.bbc.com/indonesia/dunia-52977852>, accessed June 10, 2020

<sup>2</sup> "Coronavirus is officially a pandemic. Here's why that matters," *api.nationalgeographic.com* (March 11, 2020), <https://api.nationalgeographic.com/distribution/public/amp/science/article/how-coronavirus-could-become-pandemic-and-why-it-matters>, accessed June 10, 2020

and spread in 216 countries. The world Covid-19 death rate is 419,986 people or a fatality rate of 10%. As many as 3,807,696 patients recovered and 3,273,647 people were under treatment.

The rapid and widespread spread of Covid-19 has shocked countries and stutters in anticipating it. This applies not only to poor countries, such as Kenya, Gabon, Sudan and developing countries like Indonesia, Malaysia, but developed countries also experience the same thing, such as the United States, England, Italy, Spain, Japan, and South Korea. This shock and stuttering were marked by the reactions of these countries in anticipating the spread of Covid-19 and its effects in different ways. Each country tries its own way, with different levels of success. The United States, Italy, Malaysia, Italy preferred to have lockdown system. Taiwan and South Korea do not apply lockdown but allow their citizens to continue working, and only those who are positive for Covid-19 who must undergo treatment or self-quarantine. Indonesia is different from other countries in dealing with the Covid-19 outbreak, Indonesia made a policy of decentralization “lockdown” or what is known as Large-Scale Social Restrictions (PSBB).

It is interesting to see more deeply that Covid-19 raises the same problems for all countries, it is complex problems beyond health problems such as problems to prevent its spread, treatment of positive patients and efforts to find vaccines. Covid-19 has corrected various areas of human life, including economic, social, cultural, educational and even religious fields. The changes that are happening are very fast and need a quick and precise response so that it does not become a tragedy for mankind, as happened in 1918 when the world was hit by the Spanish flu outbreak.

Changes in various fields of human life force the countries to adapt policies in order to deal with, anticipate and reconstruct human life in order to avoid deeper and more severe adverse impacts, especially the impact on the economy. ASEAN countries made corrections according to the ASEAN Policy Brief 2020 report. The Government of Indonesia in August 2019 targeted economic growth of 5.3%, however after the pandemic occurred, on March 4 2020 the Indonesian Government corrected its economic growth to

4.7% - 5, 0%. On April 1, 2020, the Indonesian Government revised its economic growth again and forecasted a range of -0.4% - 2.3%. The Singapore government was doing the same, revising its forecast for economic growth due to the slump in the tourism sector due to the Covid-19 pandemic. In November 2019 the Singaporean Government predicted its 2020 economic growth in the range of 0.5% - 2.5%, then on 17 February 2020 it was revised to the range of -0.5% - 1.5%. On March 26, 2020 the Government of Singapore, again revised its economic growth forecast to -4% - (-1%). Likewise, the Malaysian government, through the Minister of Finance, made corrections to its economic growth, before the Covid-19 pandemic was predicted to be 4.8%, after the pandemic was predicted to be in the range of 3.2 - 4.2% (made in February 2020). In contrast to the forecast of the Minister of Finance, Bank Negara Malaysia (the central bank of Malaysia) predicts economic growth in 2020 after the pandemic in the range of -0.2% - 0.5% (April 3, 2020), (Community Relations Division/CRD of the ASEAN Secretariat, 2020).<sup>3</sup>

These changes in macroeconomic indicators were followed by changes in fiscal policies in all countries of the world, including ASEAN countries, as a way to avoid the economic crisis that has spread to multidimensional crises that may occur such as in 1997.

Changes in the state budget policies for Indonesia and Malaysia, surely, must pay attention to the need for handling Covid-19 at the same time must consider the majority of the population who are Muslim. Budget policy must reflect Islamic Sharia. The fulfillment of Islamic Sharia can be seen from the *maqâshid al-syarî'ah* (sharia objective). There are five dimensions of *maqâshid al-syarî'ah* that must be fulfilled, including namely *hifdz al-dîn* (protection of religion), *hifdz al-nafs* (protection of the soul), *hifdz al-‘aql* (protection of thinking), *hifdz al-nasl* (protection of offspring/family), and *hifdz al-mâl* (protection of property).

From the issue of fundamental changes in macroeconomic indicators, the authors conducted

<sup>3</sup> Sam Flanders, Nungsari, Melati and Yin, Chuah Hui, “The COVID-19 Hardship Survey: An Evaluation of the Prihatin Rakyat Economic Stimulus Package”, *Asia School of Business* (2020), pp. 1-45. 2020

deep analysis in two ASEAN countries, they were Indonesia and Malaysia. The two countries were chosen because they are in the same ASEAN region; has a majority Muslim population, Indonesian Muslim as much as 87.2% or 207 million people (<https://indonesia.go.id/>), Malaysia has a Muslim population of more than 50%; and their financial policy data were easily accessible using the internet. The differences between the two selected countries were seen from their government system. Indonesia uses a secular government system, while Malaysia's government system uses Islamic law.

The goals of the state in the theory of the prosperity goals are divided into three, including the goals of state prosperity, the goals of individual prosperity and the goals of the people prosperity. In the theory of state prosperity, theoretically the goal of the state is the prosperity of the people, but it is the state that implements it absolutely.<sup>4</sup> Usman states that the state has a development function, it is efforts to make planned changes, carried out continuously to lead to improvements that have been previously determined.<sup>5</sup> In achieving goals, the state uses a budget instrument. The state budget as an instrument of fiscal policy has functions, among others, allocation, distribution and stabilization function.

The allocation function means that the State Revenue and Expenditure Budget (APBN) must be directed at creating jobs/reducing unemployment and waste of resources, as well as increasing the efficiency and effectiveness of the economy. The distribution function means that the State Revenue and Expenditure Budget must pay attention to a sense of justice and appropriateness. The stabilization function means that the state budget becomes a tool for maintaining and striving for a balance in the country's economic fundamentals. Whereas in the Islamic context the State Revenue and Expenditure Budget as a fiscal policy must refer to Islamic principles as Mannan in Fitriyah et al, explain that Islamic principles in fiscal policy

aim to develop a society based on a balanced distribution of wealth by placing material and spiritual values at the same level.<sup>6</sup>

The term *maqâshid al-syarî'ah* (sharia objective) comes from two words (the word, *Maqshad* or *Maqshid* and the term of *al-syarî'ah*). The term *maqshad* or *maqshid* is an Arabic word that refers to a goal, wisdom, or purpose. The word *maqshad* or *maqshid* is combined with the term *sharia* which literally means a road or a way to a place of water; it also means Islamic law.<sup>7</sup> *Maqâshid al-syarî'ah* can be interpreted as the goals of Islamic teachings or it can also be understood as the goals of the maker of sharia (Allah) in outlining Islamic teachings. Nasuka and Subaidi<sup>8</sup> mentioned that *maqâshid al-syarî'ah* is defined as the goals of Islamic teachings or means the goals of the maker of sharia (Allah) in outlining Islamic teachings. *Maqâshid al-syarî'ah* describes a holistic view of Islam as a way of life for individual Muslims and society.<sup>9</sup> *Maqâshid al-syarî'ah* includes principles that place wisdom behind decisions, thereby providing answers to various questions about Islamic practice and to preserve people's minds and souls.<sup>10</sup> An explicit indication for this idea can easily be obtained by referring to the three levels of public interest based on *maqâshid (maslahah)* or the essence of *maqâshid al-syarî'ah* is *maslahah*. The criterion of *maslahah*, consists of two parts: first, the *maslahah* is absolute, meaning it is not relative or subjective which will make it submit to lust. Second, *maslahah* is universal (*kulliyah*) and this universality does not contradict some of it (*juz'iyat*).<sup>11</sup>

<sup>6</sup> Sayyidatul Fitriyah, Tika Widiastuti, and Sri Herianingrum, "Perbandingan APBN Pemerintah Era Presiden SBY - JK dan JOKOWI - JK: Analisis Belanja Negara Perspektif Maqâsid Syariah", *Jurnal Ekonomi dan Bisnis Islam*, vol. 4, no.1 (2019), pp. 65-75.

<sup>7</sup> Akilu Aliyu Shinkafi and Ali, Nor Aini. "Contemporary Islamic economic studies on Maqasid Shari'ah: a systematic literature review", *Humanomics*, vol. 33, no. 3 (2017), pp. 315-334.

<sup>8</sup> Moh Nasuka and Subaidi, *Maqasid Syariah sebagai Koridor Pengelolaan Perbankan Syariah*, *Iqtishoduna*, vol. 6, no. 2 (2017), pp. 222-258.

<sup>9</sup> Rahman, Faried Kurnia Kurnia, et al, "Maqasid Al-Shari'ah-Based Performance Measurement for Halal Industry", *Humanomics* (2017), pp. 1-21.

<sup>10</sup> Ahmad Shazrin Mohamed Azmi, "Synthesizing the Maqasid al-Syariah for the waqf property development, Earth and Environmental Science", *IOP Publishing* (2019), pp. 1-7.

<sup>11</sup> Moh Nasuka and Subaidi, "Maqasid Syariah...", pp.222-258.

<sup>4</sup> Maleha Soemarsono, "Negara Hukum Indonesia Ditinjau Dari Sudut Teori Tujuan Negara", *Jurnal Hukum dan Pembangunan*, vol. 37, no. 2 (2007), pp. 300-322.

<sup>5</sup> Usman, "Negara dan Fungsinya (Telaah atas Pemikiran Politik)", *Al daulah*, vol. 4, no. 1 (2015), pp. 130-139.



*Maslahah* is an action or effort to fulfill basic (*darûriyat*), secondary (*hajiyat*) and tertiary (*tahsiniyat*) needs.<sup>12</sup> *Maslahah darûriyat* is something that must exist or be implemented to realize benefits related to the worldly and *ukhrawî* dimensions.<sup>13</sup> According to Chapra in Hudaefi and Noordiin<sup>14</sup> *maslahah darûriyat* contains five things, including goals-faith, self, intelligence, heredity and wealth-interdependent and mutually supporting human welfare. According to Imam Al-Ghazali in (Abozaid), it is said that the purpose of sharia is to promote the welfare of all mankind, which lies in maintaining their faith (*dîn*), human self or human soul (*nafs*), human intelligence (*‘aql*), human descent (*nasl*) and wealth/property (*mâl*). In the context of Islamic economics, *maslahah darûriyat* is the fulfillment of all goods and services that can support religious protection (*hifdz al-dîn*), protection of the soul (*hifdz al-nafs*), protection of property (*hifdz al-mâl*), protection of thinking (*hifdz al-‘aql*), and protection of offspring/family (*hifdz al-nasl*).<sup>15</sup>

Measuring disaster characteristics is very difficult. Various opinions are raised by experts, in the context of this paper using the characteristics developed by Quarantelli in SP (2005) which states that there are nine characteristics of the size of a disaster, including the size of the population affected by the disaster; There is a change in social construct that affects the population; Disaster area coverage; The speed at which a disaster occurs (so that it is not unexpected); Ability to predict the occurrence of disasters; Degree of

familiarity (habit) of the crisis at hand; The deepest (psychological) impact due to the disaster; The amount of material loss (property); Calculation of the probability of a recurrence of the crisis (bigger/smaller).

In the perspective of *maqâshid al-syarî‘ah*, the state budget is State Revenue and Expenditure Budget (APBN) which is in line and fulfills five *maslahah darûriyat*, among others, the state budget must be used to protect religion (*hifdz al-dîn*), protect souls (*hifdz al-nafs*); protect the mind/ thinking (*hifdz al-‘aql*); protect the descendants (*hifdz al-nasl*), and protect property (*hifzh al-mâl*).

Protection of religion (*hifdz al-dîn*) departs from the concept in Al-Ghazali and Al-Syatibi’s terminology according to Al-Amiri that the punishment for abandoning correct teachings.<sup>16</sup> Maintenance of Religion if the principles of worship, such as saying *syahadat*, performing prayers, zakat, pilgrimage and others, are indicators for the preservation of the existence of religion, then everything that is absolutely needed, both material and non-material, is by fulfilling the means of goods and services to carry out such worship must be available and realized in advance.<sup>17</sup> To fulfill this maintenance, the government needs to guarantee its citizens to be able to carry out their worship. The form of guarantees provided by the government is to allocate the state budget for programs or activities to fulfill the implementation of worship, such as building religious facilities, financing the availability of books related to religion, allocating funds for the security of worship.

Protection of the soul (*hifdz al-nafs*) is a very high sanctity of life in Islam. If someone kills a person, Islam considers it the killing of mankind, as Q.S [5] : 32, then maintaining the existence and survival of humans is something that is essential.<sup>18</sup> So, all human beings must protect their souls

<sup>12</sup> Muhammad Aziz, “Metode Identifikasi Maqasid al-Syariah Muhammad Tahir B. Ashur”, *Maraji*, vol. 1, no. 1 (2014), pp. 216-241; Mohammad Hashim Kamali, “Maqasid al-Shari‘ah Made Simple”, *International Institute of Advance Islamic Studies (IAIS) Malaysia* (2014); Mohammad Abdullah, “Waqf, Sustainable Development Goals (SDGs) and maqasid al-shariah”, *International Journal of Social Economics*, vol. 45, no. 1 (2017), pp. 158-172. Ahmad Shazrin Mohamed Azmi, “Synthesizing the Maqasid al-Syariah...”, pp. 1-7.

<sup>13</sup> Moh Nasuka and Subaidi, *Maqasid Shariah...*, pp. 222-258.

<sup>14</sup> Fahmi Ali Hudaefi and Noordin, Kamaruzaman, “Harmonizing and constructing an integrated maqasid al-syariah index for measuring the performance of Islamic banks”, *ISRA International Journal of Islamic Finance*, vol. 11, no. 2 (2019), pp. 282-302.

<sup>15</sup> Maftukhatusolikah, “Mempertimbangkan Tingkat Maqasid asy-Syari‘ah dalam Penentuan Anggaran Belanja Pemerintah (Evaluasi terhadap APBN 2008-2013)”, *Intizar*, vol. 21, no. 1 (2015), pp. 23-35.

<sup>16</sup> Syahrul Sidiq, “Maqasid Syariah & Tantangan Modernitas: Sebuah Telaah Pemikiran Jasser Auda”, *Inright Jurnal Agama dan Hak Azazi Manusia*, vol. 7, no. 1 (2017), pp. 140-161.

<sup>17</sup> Muhammad Zaki and Cahya, Bayu Tri, “Aplikasi Maqasid Asy-syari‘ah Pada Sistem Keuangan Syariah”, *Bisnis*, vol. 3, no. 2 (2015), pp. 312-317.

<sup>18</sup> Hamid Hasan and salman Ali, Syed, “Measuring Deprivation from Maqasid al Syariah Dimensions in OIC Countries: Ranking and Policy Focus”, *Journal of King Abdulaziz University*, vol. 31, no. 1 (2018), pp. 3-26.

whether they are rich, poor, leaders, subordinates, Muslim or non-Muslim, must be protected equally, because as stated by Q.S [17]:33.<sup>19</sup> Life protection is the fulfillment of personal rights, freedom and personal choice, fulfillment of health facilities such as hospitals, fulfillment of healthy life such as the availability of clean water, proper housing, fulfillment of nutrition and basic medical care, reduction of child and maternal mortality, avoidance of human trafficking, access to electricity and internet services, and others.<sup>20</sup> Preserving human life as a value is seen as self-explanatory, and medicine serves by preventing and treating disease, ensuring proper body nutrition, and promoting a high quality of life.<sup>21</sup>

Life protection in the context of the State Revenue and Expenditure Budget (APBN) includes budget allocations related to: a) the fulfillment of human health including: availability of health infrastructure, fulfillment of nutrition, prevention of maternal and child mortality, promoting quality of life; b) to maintain the safety and security of citizens in carrying out their daily lives, among others: fulfillment of the basic needs of citizens to support life (food, housing, clothing), fulfillment of income; c) access to services for social interaction, such as proper transportation, internet access, recreational facilities.

Protection of the mind/thinking (*hifdz al-'aql*) is one of the basic requirements of life. Islam has always been concerned with the dignity of people. Hence, it emphasizes the importance of protecting human dignity. Islam has many guidelines for protecting human dignity, and these provide principles, which can be applied in situations where an accusation of having been leveled against someone.<sup>22</sup> Attia in Padela<sup>23</sup> states that

the consideration of the mind develops beyond the traditional view of maintaining intelligence also requires the development of intellectual capacity and utilizing the mind in intellectual action. In the context of implementing the State Revenue and Expenditure Budget (APBN) policy, the maintenance of common sense includes the government providing access to decent and affordable education from primary to tertiary levels; Provision of adequate educational facilities including teachers and teaching staff; Information and culture; Scientific research includes the establishment and development of research centers.<sup>24</sup>

Protection of descendants (*hifdz al-nasl*), Ibn Assyria made "care for the family" as a *maqashid* of Islamic law. This is explained in his monograph, *Usul Al-Nizam Al-Ijtima'i fi Al-Islam* (Basics of a Social System in Islam) which is family oriented and moral values in Islamic law.<sup>25</sup> Seraji and Hasan argued<sup>26</sup> descent or dignity or lineage (*al-nasl/al-'ird*) which is for all people in the world as one of the basic requirements of life. Islam has always been concerned with the dignity of people. Hence, it emphasizes the importance of protecting human dignity. Islam has many guidelines for protecting human dignity, and these provide principles, which can be applied in any situation and condition. Abubakar in Fitriya, et al.<sup>27</sup> explained that the protection of heredity is closely related to protecting humans and can regenerate to ensure human survival. Caring for Offspring is oriented towards worldly and *ukhrawi* benefits. Allah regulates the process of marriage regeneration and prohibits adultery, determines who can be married, how the marriage procedures and the conditions and harmony that must be met. All of them are forms of preserving healthy

<sup>19</sup> Mostafa Seraji and Hassan, Kamal Halili, "Freedom of association in labour relations in the context of the Maqasid-al-Shari'ah principles", *European Journal of Law and Economics*, vol. 45, no. 1 (2013), pp. 377-395.

<sup>20</sup> Hamid Hasan and salman Ali, Syed, "Measuring Deprivation...", pp. 3-26.

<sup>21</sup> Aasim I Padela, "Using the Maqashid al-Shari'ah to Furnish an Islamic Bioethics: Conceptual and Practical Issues", vol. 16, no. 1 (2019), pp. 347-352.

<sup>22</sup> Mostafa Seraji and Hassan, Kamal Halili, "Freedom of association...", pp. 377-395.

<sup>23</sup> Aasim I Padela, "Using the Maqashid al-Shari'ah to Furnish an Islamic Bioethics: Conceptual and Practical Issues", vol. 16 (2019), pp. 347-352.

<sup>24</sup> Muhammad Zaki and Cahya, Bayu Tri, "Aplikasi Maqasid Asy-syari'ah Pada Sistem Keuangan Syariah", *Bisnis*, vol.3, no. 2 (2015), pp. 312-317.

<sup>25</sup> Syahrul Sidiq, "Maqasid Syariah & Tantangan Modernitas: Sebuah Telaah Pemikiran Jasser Auda", *Inright Jurnal Agama dan Hak Azazi Manusia*, vol. 7, no. 1 (2017), pp. 140-161.

<sup>26</sup> Mostafa Seraji and Hassan, Kamal Halili, "Freedom of association in labour relations in the context of the Maqasid-al-Shari'ah principles", *European Journal of Law and Economics*, vol.45 (2013), pp. 377-395.

<sup>27</sup> Sayyidatul Fitriyah, Tika Widiastuti, and Sri Herianingrum, "Perbandingan APBN...", pp. 65-75.

and clean offspring in a serene and peaceful atmosphere. In the context of the National Budget, the maintenance of offspring, the government has to make legality of marriage easier, defense of pre-marriage; build centers for guidance for mothers in relation to health, psychology; open access for the care of orphaned and underprivileged children and fetal safety.<sup>28</sup>

Protection of property (*hifdz al-mâl*) can be done by means of positive protection (*minjanîb al-wujûd*) and negative protection (*minjanîb al-'adam*). There are *maqâshid al-syarî'ah* related to wealth, but the most important are *mabda' al-tadâwal*, *al-wudûh fî al-amwâl*, and *al-'adâlah fî al-amwâl*. Activities that are focused on obtaining benefits from property (*jalbu al-masâlih*) is a form of positive property protection. *Mabda'al-taddwûl* (the principle of circulation) aims to make assets rotate and move among the people either in the form of consumption or investment (Mtb, 2006). Fulfilling the need for maintaining property (*hifdz al-mâl*) is carried out through asset orientation (Masrifah and Firdaus, 2016). Abubakar in Fitriyah<sup>29</sup> states that property protection opens alternative ways that are sustainable for generation, utilization, distribution and growth. So, property protection (*hifdz al-mâl*) is an activity of using wealth in the form of budget expenditures that are used for sustainable activities such as the fulfillment of working capital, investment; Reduction of operating expenses such as paying taxes, paying business financing installments.

This research aimed to analyze state spending for handling Covid-19 from the perspective of *maqâshid al-syarî'ah*. The analysis was carried out by mapping the Covid-19 budget in five dimensions of *maqâshid al-syarî'ah*, including *hifdz al-dîn*, *hifdz al-nafs*, *hifdz al-'aql*, *hifdz al-nasl*, and *hifdz al-mâl*. The mapping results were compared with the budget for each dimension of *maqâshid al-syarî'ah* and the total budget for Covid-19; and finally compared to the total of state budget; as well as total debt.

## Method

The research methodology used was descriptive quantitative by describing the results of budget policies comparisons between countries. The comparison used was limited only to the budget for handling Covid-19. Comparative analysis was carried out by grouping government expenditures for handling Covid-19 that meet the criteria of *maqâshid al-syarî'ah*, including five *masalah darûriyat* dimensions. The final step was to analyze the comparative budget for handling Covid-19 between the state budgets that became the object of research.

The comparative analysis of the state budget for handling Covid-19 from the perspective of *maqâshid al-syarî'ah* was carried out with the following steps:

- 1) Identifying and classifying the budget for handling Covid-19 that meets the criteria for *maqâshid al-syarî'ah* of each country;
- 2) Making a ratio/comparison between the Covid-19 expenditure budget to the total expenditure for Covid-19 handlers. The formula: The dimension of religious protection divided by the total Covid-19 expenditure multiplied by 100%, then the percentage of each dimension of *maqâshid al-syarî'ah* would be obtained;
- 3) Making a ratio/comparison between the total budget for handling Covid-19 that meets the *maqâshid al-syarî'ah* to the total budget for handling Covid-19 to the total State Revenue and Expenditure Budget (APBN), and the total debt in the State Revenue and Expenditure Budget (APBN) for the current budget year;
- 4) Comparing the results of ratios between countries; 5) Describing the ratios produced in detail so that a conclusion can be drawn that describes the profile and position of the country's Covid-19 budget policy from the perspective of *maqâshid al-syarî'ah*.

The data source used was the state budget which was accessed via the internet. The Indonesian State Revenue and Expenditure Budget (APBN) was accessed at the address <https://kemenkeu.go.id/covid19> and, while the Malaysian State Revenue and Expenditure Budget was accessed on the <https://www1.treasury.gov.my/index.php/>

<sup>28</sup> Muhammad Zaki dan Cahya, Bayu Tri, "Aplikasi Maqasid Asy-syarî'ah...", pp. 312-317.

<sup>29</sup> Sayyidatul Fitriyah, Tika Widiastuti, and Sri Herianingrum, "Perbandingan APBN...", pp. 65-75.



en/ page. The research objects were two ASEAN member countries, Indonesia and Malaysia. The two countries were selected for the following reasons: first, they were located in an area adjacent to each other or directly adjacent to each other; second, it is different from the majority of the Muslim population; and third; and the government system used.

Indonesia has a majority Muslim population of 87.2% or 207 million people (<https://indonesia.go.id/>), but the government system is presidential government system (not Islamic government system). Malaysia was chosen because it has a Muslim population of 61.3% or the majority, by using Islamic law as part of its government system.

### Budget Policy for Handling Covid-19 from *Maqâshid al-Syarî'ah* Perspective in Indonesia

According to data from <https://kemenkeu.go.id/covid19>; <https://www.cnbcindonesia.com/>; and Hasibuan, et al. (2020), in order to deal with Covid-19 outbreak, the Government of Indonesia will carry out re-budgeting of the 2020 State Budget specifically to deal with Covid-19 and its impacts by allocating a budget of US\$ 0,046 trillion. Covid-19 handling spending has an impact on increasing state spending by US\$ 0,0086 trillion. An increase in spending results in an increased budget deficit. The post-pandemic state budget is projected at US\$ 0,72 trillion or 6.34% of GDP. One of the ways used by the Government to make up the deficit is through debt. In the 2020 budget, Indonesia's debt is US\$ 0,045 trillion.<sup>30</sup> Indonesia has a population of 269.6 million, the majority of which are Muslim, with a Gross Domestic Product (GDP) based on the prevailing prices for the first quarter of 2020 reaching US\$ 2,72 trillion.

The state expenditure for handling Covid-19 by the Indonesian Government is divided into two major groups, consisting of the field of Health and National Economic Recovery (PEN). Expenditures for the Health Sector amounting to US\$ 0,0061 trillion which is used for subsidies for BPJS workers,

incentives and compensation for health workers' deaths, provision of Personal Protective Equipment (PPE), and others. PEN spending is grouped into two groups, they are from the demand side of US\$ 0,014 trillion and from the supply side of US\$ 0,027 trillion.

For the demand (consumer) side, National Economic Recovery (PEN) is used for social protection and housing incentives. While National Economic Recovery (PEN) from the supply side (producers) is used in 4 (four) major groups, including business incentives, support for Micro, Small and Medium Enterprises (MSMEs), corporate financing and sectoral assistance from Ministries/ Institutions (K/L) and Local Governments (Pemda). The complete data as shown in table 1 below:

Table 1 Covid-19 Handling Budget of Indonesian Government in 2020

No.	Name of Budget	Budget Rp. (in Millions)	Budget US\$ (in Millions)
1	Health Sector	87.550.000,00	6.061,89
2	Social Protection	203.900.000,00	14.117,86
3	Housing Incentives for Low Income Communities (MBR)	1.300.000,00	90,01
4	Interest Subsidy for MSMEs	35.280.000,00	2.442,76
5	Placement of Funds for Restructuring of MSMEs	78.780.000,00	5.454,66
6	IJP Guarantee for MSMEs	5.000.000,00	346,20
7	Business incentives in the form of taxes for MSMEs	2.400.000,00	166,17
8	Investment Financing to Cooperatives through LPDB KUMKM	1.000.000,00	69,24
9	Tax Incentives for entrepreneurs	120.610.000,00	8.350,93
10	Placement of Funds for Labor-Intensive Restructuring for Corporations	3.420.000,00	236,80
11	Labor Intensive IJP Expenditure Guarantee for corporations	5.000.000,00	346,20
12	State Equity Participation for State Owned Enterprises	17.500.000,00	1.211,68
13	Bailout (Investment) for Working Capital for State Owned Enterprises	19.650.000,00	1.360,55
14	Regional Incentive Fund for Economic recovery	5.000.000,00	346,20
15	Reserves for Physical Special Allocation Funds	8.700.000,00	602,38
16	Regional Loan Facilities	1.000.000,00	69,24
17	Tourism sector stimulus	3.800.000,00	263,11
18	Labor Intensive Program	18.440.000,00	1.276,77
19	Reserves Expansion of employment	58.870.000,00	4.076,11
	<b>TOTAL</b>	<b>677.200.000,00</b>	<b>46.888,74</b>

Source: <https://kemenkeu.go.id/covid19> (processed)

Covid-19 handling expenditures were grouped within the framework of the *maqâshid al-syarî'ah* perspective. From the results of the grouping of the Covid-19 handling budget, the Indonesian Government allocates the Covid-19 budget in line with two dimensions of *maqâshid al-syarî'ah*, including life protection (*hifdz al-nafs*) which contains health handling activities, social protection and support for housing ownership for low-income residents. Property protection (*hifdz al-mâl*) dominates the Covid-19 spending budget with a focus on MSME support, business incentives, corporate financing, and sectoral assistance. In the Covid-19 spending allocation, there is expenditure that is against Islamic principles, it was using interest in the financial system. According to the

<sup>30</sup> Mutia Fauzia, "Utang Pemerintah Capai Rp 5.172,48 triliun", <https://money.kompas.com/read/2020/05/21/081100326/hingga-april-2020-utang-pemerintah-capai-rp-5.172-48-triliun>, accessed June 10, 2020.

Fatwa of the Indonesian Ulema Council (MUI) Number 1 of 2004 concerning Interest *Fa'idah* is a form of usury. The grouping of spending on handling Covid-19 by the Government of Indonesia was as shown in table 2.

Covid-19 handling expenditures are grouped within the framework of the *maqâshid al-syarî'ah* perspective. From the results of the grouping of the Covid-19 handling budget, the Indonesian Government allocates the Covid-19 budget in line with two dimensions of *maqâshid al-Syarî'ah*, including self-protection (*hifdz al-nafs*) which contains health handling activities, social protection and support for housing ownership for low-income residents. Property protection (*hifdz al-mâl*) dominates the Covid-19 spending budget with a focus on MSME support, business incentives, corporate financing, and sectoral assistance. In the Covid-19 spending allocation, there is expenditure that is against Islamic principles, it is using interest in the financial system. Interest according to the Fatwa of the Indonesian Ulema Council (MUI) Number 1 of 2004 concerning Interest (*Fa'idah* is a form of usury). The grouping of spending on handling Covid-19 by the Indonesian Government is as shown in table 2.

Table 2 The Government of Indonesia's Covid-19 Management Expenditure Group Based on *Maqâshid al-Syarî'ah*

No.	Name of Budget	Focus of Program	Dimensions of Maqâshid al-Syarî'ah
1	Health Sector	BPJS subsidies for labor, incentives and compensation for the death of health workers, provision of Personal Protective Equipment (PPE), and others	<i>Hifzh al nafs</i>
2	Social Protection	Pre-Employment Card Program, Non-Cash Food Assistance (BPNT), Family Hope Program (PKH), discounted electricity rates, housing incentives and others	<i>Hifzh al nafs</i>
3	Housing Incentives for Low Income Communities	Providing subsidies for home ownership loans	<i>Hifzh al nafs</i>
4	MSMEs support	Interest Subsidy	<i>Riba</i>
		Placement of Funds for MSMEs Restructs	<i>Hifzh al maal</i>
		UP Shopping Guarantee for MSMEs	<i>Hifzh al maal</i>
		Tax Incentives for MSMEs	<i>Hifzh al maal</i>
		Investment Financing to Cooperatives through Revolving Fund Management Institutions - Cooperatives, Micro, Small and Medium Enterprises (LPDB KUMKM)	<i>Hifzh al maal</i>
5	Business incentives	Tax Incentives for businesses	<i>Hifzh al maal</i>
6	Corporate financing	Placement of Funds for Labor Intensive Restructures	<i>Hifzh al maal</i>
		UP Labor Intensive Expenditure Guarantee for corporations	<i>Hifzh al maal</i>
		State Equity Participation for State Owned Enterprises	<i>Hifzh al maal</i>
		Bailout (Investment) for Working Capital	<i>Hifzh al maal</i>
7	Sectoral assistance	Regional Incentive Fund for Economic recovery	<i>Hifzh al maal</i>
		Reserves for Physical Special Allocation Funds	<i>Hifzh al maal</i>
		Regional Loan Facilities	<i>Hifzh al maal</i>
		Tourism sector stimulus	<i>Hifzh al maal</i>
		Labor Intensive Program	<i>Hifzh al maal</i>
		Reserves Expansion of employment	<i>Hifzh al maal</i>

Source: <https://kemenkeu.go.id/covid19> (processed)

Based on table 3, *hifdz al-mâl* is the main focus of the Indonesian government in dealing with Covid-19. The total funds used for protecting assets amounted to US\$ 0,024 trillion. *Hifdz al-*

*mâl* spending has a ratio of 51.56% of the total expenditure for Covid-19 handlers, when compared to the GDP in Quarter I-2020 *hifdz al-mâl* has a percentage of 0,89%. *Hifdz al-mâl* spending was 1,47% of the total APBN Presidential Regulation No.54 of 2020; 4,50% when compared to debt in the 2020 State Budget. Expenditures for handling Covid-19 in the *hifdz al-nafs* dimension amounted to 43.23% of total Covid-19 spending, 0,751% of total GDP in Quarter I-2020, 1,12% of the total APBN Presidential Regulation No.54 for 2020, and 3,43% of the total state debt in APBN Presidential Regulation No.54 for 2020.

There are three dimensions in *maqâshid al-syarî'ah* that the Government of Indonesia has not touched in the Covid-19 case. The two dimensions include religious protection (*hifdz al-dîn*), protection of descendants (*hifdz al-nasl*) and protection of mind/thinking (*hifdz al-'aql*). One of the focuses for handling Covid-19 is the provision of interest subsidies, the amount of which is US\$ 0,0024trillion or 5.21% of the total spending on handling Covid-19. There is a budget allocation for the Government of Indonesia which is contrary to the principles of Islamic economics, it is spending on interest subsidies to MSMEs, because it is known that interest is usury and is against the principles of Islamic Economics, as in Q.S [1]: 275; Q.S [2]: 130; Q.S [4]: 161; Q.S [30]: 39.

Table 3 Comparative Analysis/Ratio of Covid-19 Spending from the Perspective of *Maqâshid al-Syarî'ah* in Indonesia

No.	Dimensions of Maqâshid al-Syarî'ah	Name of Covid-19 Handling Budget	Expenditure Budget (US\$ in millions)		Covid-19 Budget Ratios that Meet Maqâshid al-Syarî'ah				
			Covid-19 Handling	Handling Covid-19 in accordance with Maqâshid al-Sharia	toward Per Dimension of Maqâshid al-Syarî'ah	against GDP in Quarter I-2020	toward the total 2020 State Budget	toward the State Debt in the 2020 State Budget	
1	<i>Hifzh al nafs</i>	Health Sector	6,061.89						
		Social Protection	14,117.86						
		Housing Incentives for Low Income Communities (HBI)	90.01	20.270	43,23%	0,75%	1,12%	3,43%	
2	<i>Hifzh al maal</i>	Placement of Funds for Restructuring of MSMEs	5,454.66						
		UP Guarantee for MSMEs	346.20						
		Business incentives in the form of taxes for MSMEs	166.17						
		Investment Financing to Cooperatives through LPDB KUMKM	69.24						
		Business incentives	8,350.93						
		Placement of Funds for Labor-Intensive Restructuring for Corporations	236.80						
		Labor Intensive UP Expenditure Guarantee for corporations	346.20						
		State Equity Participation for State Owned Enterprises	1,211.68	26.619	51,56%	0,98%	1,47%	4,50%	
		Bailout (Investment) for Working Capital for State Owned Enterprises	1,368.55						
		Regional Incentive Fund for Economic recovery	346.20						
		Reserves for Physical Special Allocation Funds	602.38						
		Regional Loan Facilities	69.24						
		Tourism sector stimulus	263.11						
		Labor Intensive Program	1,276.77						
		Reserves Expansion of employment	5,075.11						
		Labor Intensive Program	2,442.76						
2	<i>Riba</i>	MSMEs support	46,888.74			0,00%	0,00%	0,00%	0,00%
		<b>TOTAL</b>	<b>46,888.74</b>	<b>46,889</b>	<b>94,79%</b>	<b>1,72%</b>	<b>2,59%</b>	<b>7,93%</b>	

Gross Domestic Product (Quarter I-2020) (in million US\$): 2,718,529.78  
Total of State Budget Presidential Decree No.54/2020 (in million US\$): 1,811,741.87  
Debt in the current state budget Presidential Decree No.54 / 2020 (in million US\$): 591,183.20

Source: <https://kemenkeu.go.id/covid19> (processed)

Table 3 illustrated the Government of Indonesia in dealing with Covid-19 which prioritizes *hifdz al-mâl* and *hifdz al-nafs*. Meanwhile,



the other three dimensions of *maqâshid al-syarî'ah* were not found to have received the allocation of funds. As it is known, the dimensions of *maqâshid al-syarî'ah* should not be left behind or not given a budget allocation, because *maqâshid al-syarî'ah* is one unit as the goal of Sharia itself. *maqâshid al-syarî'ah* is an important achievement for human life to achieve *maslahah*.

The Indonesian Government's policy of providing interest subsidies to MSMEs is understandable, because in Indonesia Conventional Banks are more numerous and have bigger capacities, so that many MSMEs get loans from these banks.

### Budget Policy for Handling Covid-19 from *Maqâshid al-Syarî'ah* Perspective in Malaysia

The Malaysian state budget in 2020 is US\$ 68,350,157,403.29 . Malaysian debt in the 2020 State Budget is US\$ 12,097,977,838.43 and the total GDP of Malaysia in 2019 is US\$ 363,897,677,427.11.

As other countries, in facing the global Covid-19 pandemic, the Malaysian Government issued a policy package to handle Covid-19. The policy package contains an economic stimulus program called Prihatin Rakyat. Prihatin Rakyat contains three major policy packages consisting of protection of the people, business support and economic strengthening.

The people's protection package contains a policy of stopping Covid-19, National Concerned Assistance, student assistance, assistance for vulnerable groups, suspension of loan payments, mySalam in the form of cash assistance for 14 days to positive Covid-19 residents who are being treated in hospitals, and others. The business support package contains grants for SMEs, help with business cash flow, financial social programs, and others. Meanwhile, the economic strengthening policy package contains a focus on domestic investment, and ensures the sustainability of the fiscal and debt position. Below is shown table 4, Concerned People Policy Package.

Table 4 Covid-19 Handling Budget of the Republic of Malaysia in 2020

No.	Name of Budget	Budget	
		RM (in Million)	US\$. (in Million) exchange rate 1 RM= US\$ 0,24
1	Small Infrastructure Projects	10,000,00	2,400,00
2	National Concerned Assistance	5,900,00	1,416,00
3	Wage Subsidies	2,000,00	480,00
4	Health Care (COVID-19)	1,500,00	360,00
5	Food Safety Fund	1,000,00	240,00
6	others	500,00	120,00
7	Assistance for Students	270,00	64,80
8	Micro Credit Scheme	630,00	151,20
9	Economic Stimulus Package (Pre 1)	3,200,00	768,00
10	Loan moratorium	100,000,00	24,000,00
11	Guarantee Fund: Financing Guarantee Scheme	50,000,00	12,000,00
12	EPF: Employer Advisory Service	40,000,00	9,600,00
13	BNM: Facilitation Fund	10,000,00	2,400,00
14	Economic Stimulus Package (PRE1)	4,000,00	960,00
15	others	4,500,00	1,080,00
16	Economic Stimulus Package (Pre 1)	16,500,00	3,960,00
	<b>TOTAL</b>	<b>250,000,00</b>	<b>60,000,00</b>

Source: <https://www1.treasury.gov.my/index.php/en/> (processed data)

Table4, illustrated the total amount of funds spent for the Covid-19 handling policy package of RM 2.5 trillion or US\$ 0,6 trillion. Based on the data in Table 4, the items of the Prihatin Rakyat policy package are grouped into the perspective of *maqâshid al-syarî'ah*. For a clearer picture, see table 5 after this paragraph.

Table 5 Malaysia's Covid-19 Management Expenditure Group Based on *Maqâshid al-Syarî'ah*

No.	Name of Budget	Focus of Program	Maqashid al-Syariah
1	Bantuan Prihatin	One-time cash assistance for employees in the private sector, FELDA settlers, farmers, fishermen and small payment traders including families with income per month d RM4,000 (US\$ 976.68); families with monthly income between RM4,001-RM 8,000 (US\$ 976.93 - US\$ 1,953.36); Single monthly income d RM2,000 (US\$ 488.34); Single monthly income is between RM2,001 - RM4,000 (US\$ 488.59 - US\$ 976.68)	<i>Hifz al nafs</i>
2	Wage Subsidies	One-time cash assistance to online taxi drivers and taxi drivers; providing meals in schools, institutions of higher education and public training and other government agencies, including legal entities, Governments; pay salaries to service contractor workers even if they are not on contract; and extending the contract period by one month as a trade-off; One-time cash assistance to civil servants	<i>Hifz al nafs</i>
3	Small Infrastructure Projects	Carrying out small projects such as repairing roads, special damaged schools in Sabah and Sarawak; cleaning houses of worship and police stations	<i>Hifz al din</i>
4	Health Care (COVID-19)	Allocation for the Ministry of Health (MOH). Used to buy medical equipment such as ventilators and ICU equipment, personal protective equipment (PPE) for general medical personnel as well as laboratory requirements for COVID-19 testing.	<i>Hifz al nafs</i>
5	Food Safety Fund	Food Security Fund, assistance to farmers and fishermen, including agricultural inputs to increase domestic production, develop agro-food projects to generate income within three to six months	<i>Hifz al nafs</i>
6	Micro Credit Scheme	Rate subsidies for SMEs, and increase access to financing at an interest rate of 2% without collateral	
7	Assistance for Students	One-time cash assistance for students (US\$ 48.83 / student) of various levels; Free internet service for all customers, expanding network coverage and maintaining service quality	<i>Hifz al 'aql</i>
8	Others	"Reimbursement of US\$ 12.21 / day for a maximum of 14 days for Covid-19 patients who are admitted to the investigative hospital (PLI)."	<i>Hifz al nafs</i>
9	Economic Stimulus Package (Pre 1)	Electricity bill discounts to the tourism, commercial industry, agriculture and family sectors; US\$ 366.26 pre-retirement savings withdrawal per member without taxes and penalties between April and December 2020	<i>Hifz al maal</i>
10	Loan moratorium	"Restructuring corporate sector repayments by assessing business performance"	<i>Hifz al maal</i>
11	Guarantee Fund: Financing Guarantee Scheme	"Social assistance is channeled in the form of initial capital for micro entrepreneurs using zakat funds"	<i>Hifz al maal</i>
12	EPF: Scheme of i-Lestari	Free internet service for all customers, expanding network coverage and maintaining service quality	<i>Hifz al 'aql</i>
13	EPF: Employer Advisory Service	Continuing the previous transportation project	<i>Hifz al maal</i>
14	BNM: Facilitation Fund	Assistance to the business sector, especially by SMEs by providing and increasing funds to support corporate cash flow	<i>Hifz al maal</i>
15	Others	Exemption from rental houses for 4 months for residents living in public housing projects	<i>Hifz al nafs</i>
16	Economic Stimulus Package (PRE1)	"The government is waiving six months of rent all over the place owned by the Federal Government such as school canteens, nurseries, cafeterias, convenience stores and others. This includes all buildings owned by Federal Government agencies and entities "	<i>Hifz al maal</i>

Source: <https://www1.treasury.gov.my/index.php/en/> (processed data)

Referring to table 5, the policies for handling Covid-19 in Malaysia are found to be in line with the dimensions of *maqâshid al-syarî'ah*, including religious protection (*hifdz al-dîn*), protection of life (*hifdz al-nafs*), protection of mind/thinking (*hifdz al-'aql*), and protection of property (*hifdz al-mâl*). The Malaysian government only leaves 1 (one) dimension of *maqâshid al-syarî'ah*, it is the protection of heredity (*hifdz al-nasl*).

The policy package for the People that included in *hifdz al-dîn* is to clean houses of worship and police stations. The *hifdz al-nafs* policy package includes: a) One-time cash assistance for employees in the private sector, FELDA settlers, farmers, fishermen and small traders with payments including family income per month ≤ RM4,000 (US\$ 976.68); families with monthly income between RM4,001-RM 8,000 (US\$ 976.93 -US\$ 1,953.36); Single monthly income ≤ RM2,000 (US\$ 488,34); Single monthly income is between RM2,001 - RM4,000 (US\$ 488,59 - US\$ 976.68); b). One-time cash assistance to online taxi drivers and taxi drivers; providing meals in schools, institutions of higher education and public training and other government agencies, including legal entities, Governments; pay salaries to service contractor workers even if they are not on contract; and extending the contract period by one month as a trade-off; c) Food Security Fund, assistance to farmers and fishermen, including agricultural inputs to increase domestic production, develop agro-food projects to generate income within three to six months; d) Reimbursement of income of US\$ 12.21/day for a maximum of 14 days for Covid-19 patients who are admitted to RS Investigasi (PUI).

Prihatin Rakyat which is in line with the dimensions of *hifdz al-'aql*, among others: a). One-time cash assistance for students (US\$ 48.83/student) of various levels; Free internet service for all customers, expanding network coverage and maintaining service quality; b). Free internet service for all customers, expanding network coverage and maintaining service quality.

In Prihatin Rakyat policy package, *hifdz al-mâl* contains: a). Electricity bill discounts to the tourism, commercial industry, agriculture and family sectors; US\$ 366,26 pre-retirement savings withdrawal per member without taxes and penalties between April and December 2020; b) Restructuring of corporate

sector repayments by *al-mâl*. Social assistance is channeled in the form of initial capital for micro entrepreneurs using zakat funds; d). Continuing the previous transportation project; e) Assistance to the business sector, especially by SMEs by providing and increasing funds to support corporate cash flow; f). The government waives six months of rent in all places owned by the Federal Government such as school canteens, nurseries, cafeterias, convenience stores and others. This includes all buildings owned by Federal Government agencies and entities.

Prihatin Rakyat Policy also still includes policies that are not in line with the principles of Islamic Economics with rate subsidies for SMEs, and increasing access to finance at 2% interest without collateral. Interest is one that is prohibited in the Islamic financial system because of usury, as Q.S [1]: 275; Q.S [2]: 130; Q.S [4]: 161; Q.S [30]: 39.

Table 6 Comparative analysis/ratio of Covid-19 Spending from *Maqâshid al Syarî'ah* Perspective in Malaysia

No.	Maqâshid al-Syarî'ah	Name of Covid-19 Handling Budget	Covid-19 Budget in RM (in Millions)	Budget US\$ (in million exchange rate 1 RM= US\$ 0.24)		Covid-19 Budget Ratios that Meet Maqâshid al-Syarî'ah			
				Covid-19	Covid-19 per Dimension of Maqâshid al-Syarî'ah	toward Per Dimension of Maqâshid al-Syarî'ah	toward GDP in 2020	toward total of 2020 State Budget	to the State Debt in the 2020 State Budget
1	<i>Hifdz al-dîn</i>	Small Infrastructure Projects	2,000	488.34	488.34	0.80%	0.55%	0.71%	4.04%
2	<i>Hifdz al-nafs</i>	Human Portfolios	10,000	2,441.70					
		Wage Subsidies	5,500	1,440.61					
		Health Care (COVID-19)	1,500	366.26	5,745.34	9.41%	6.47%	8.41%	47.49%
		Food Safety Fund	1,000	244.17					
		Others	630	153.83					
		Others	4,500	1,088.77					
3	<i>Hifdz al-'aql</i>	Assistance for Students	270	65.93	9,832.75	16.11%	11.07%	14.39%	81.28%
		EPF: Scheme of i-Lestari	40,000	9,766.82					
4	<i>Hifdz al-mâl</i>	Economic Stimulus Package (Pre 1)	3,200	781.35					
		Loan moratorium	100,000	24,417.05					
		Guarantee Fund: Financing Guarantee Scheme	50,000	12,208.52	44,854.11	73.48%	50.48%	65.62%	370.76%
		EPF: Employer Advisory Service	10,000	2,441.70					
		BNM: Facilitation Fund	4,000	976.68					
		Economic Stimulus Package (Pre 1)	16,500	4,028.81					
		Micro Credit Scheme	500	122.09					
		<b>TOTAL</b>	<b>258,000</b>	<b>61,042.63</b>	<b>60,920.54</b>	<b>99.8%</b>	<b>68.56%</b>	<b>89.13%</b>	<b>563.56%</b>

Gross Domestic Product (2019) (in million rupiah): 88,853.08  
Total of state budget <https://www1.treasury.gov.my/index.php/en/> (in m): 68,350.16  
Debt in the current state budget <https://www1.treasury.gov.my/index.php>: 12,097.98

Source: <https://www1.treasury.gov.my/index.php/en/> (processed data)

Considering table 6 above, the highest budget for the Prihatin Rakyat policy package concerned on property protection (*hifdz al-mâl*) is 73.48% or US\$ 44,854,110,000.00; *hifdz al-'aql* is allocated quite a lot, it was US\$ 9,832,750,000.00 or 16.11%. *Hifdz al-nafs* of US\$ 5,745,340,000.00. Meanwhile, *hifdz al-dîn* received a budget allocation of US\$ 488,340,000.00. The Prihatin Rakyat Policy still contains usury, it can be seen from the provision of assistance with a 2% interest rate of US\$122,090,000.00 or 0.80%, violating the principles of Islamic Economics.

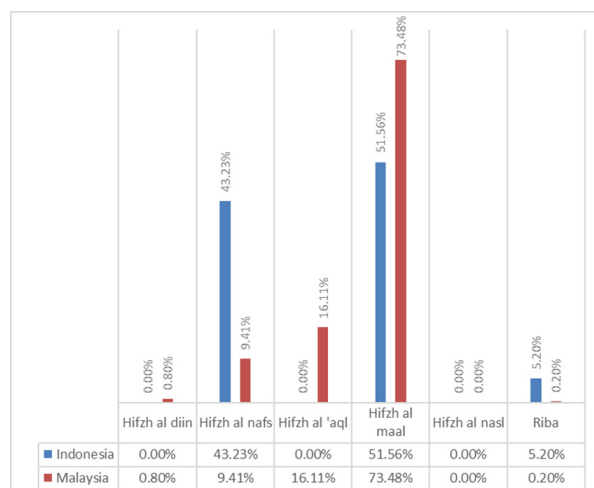
The comparative analysis of Prihatin Rakyat to GDP showed that the allocation of funds related to *hifdz al-mâl* was 7.92%; *hifdz al-'aql* by 2.55%, *hifdz al-*

*nafs* with 1.49%, and *hifdz al-dîn* with 0.13%. Prihatin Rakyat compared to the total of State Budget of Malaysia amounting to 84.00%, with details of *hifdz al-mâl* amounting to 61.85%; *hifzh al 'aql* by 13.56%; *Hifdz al-nafs* with 7.92%, and *hifzh al-dîn* with 0.67%. Prihatin Rakyat Policy compared to the total debt in the Malaysian State Budget of 503,56%, meant that the allocation of funds for handling Covid-19 in Malaysia through the Prihatin Rakyat Policy Package was four times greater than the debt. Property protection was three times greater than the debt in the State Budget, it meant that the Malaysian Government was very concerned about its economic condition.

So, the research findings showed that the Malaysian Government's policy package through Prihatin Rakyat includes four dimensions in *maqâshid al-syarî'ah*. *Hifdz al-mâl* is a major and serious concern for the Malaysian Government. *Hifdz al-'aql* is in second place that is of concern to the Malaysian Government, next is *hifdz al-nafs* and the last is *hifdz al-dîn*. However, the Malaysian government has not included a budget policy for handling Covid-19 related to *hifdz al-nasl*. The Malaysian government also still provides budget allocations related to usury, by allocating a budget for a 2% interest subsidy for SMEs.

### Comparative Analysis of Covid-19 Handling Budget Policies from *Maqâshid al-Syarî'ah* Perspective in Indonesia and Malaysia

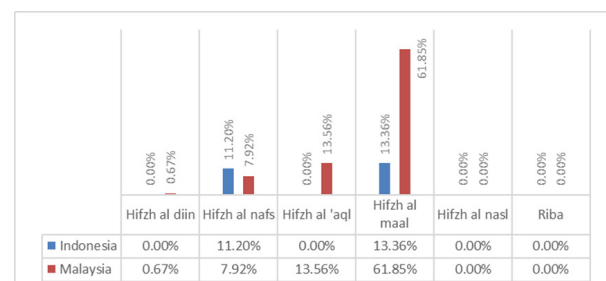
Graph 1 Comparative analysis of the ratio of *maqâshid al-syarî'ah* dimensions to the total budget for handling Covid-19 in Indonesia and Malaysia



Source: <https://kemenkeu.go.id/covid19> and <https://www1.treasury.gov.my/index.php/en/> (processed data)

Based on graph 1, it showed that Indonesia is better than Malaysia in the *hifdz al-nafs* dimension, Indonesia has a ratio of 43.23% while Malaysia is 9.41%. While the other dimensions Malaysia is better, such as in *hifdz al- 'aql* Indonesia is 0%, meaning that Indonesia has no budget for this dimension, while Malaysia is 16.11%. In the *hifdz al-dîn* dimension, Malaysia is better off because Indonesia does not have a budget used for this dimension. The ratio of usury to Indonesia's total Covid-19 budget is higher than Malaysia. Indonesia 5.20% while Malaysia 0.20%.

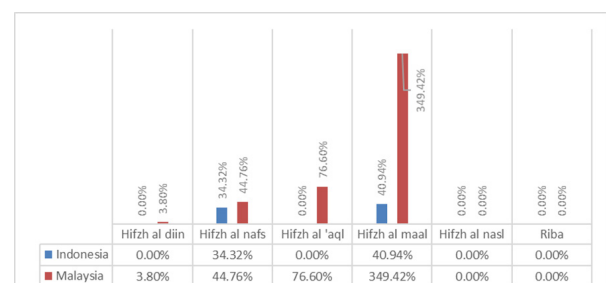
Graph 2 Comparative analysis between the ratio of Covid-19 handling budget with the total state budget of Indonesia and Malaysia



Source: <https://kemenkeu.go.id/covid19> and <https://www1.treasury.gov.my/index.php/en/> (processed data)

Based on graph 2, in general Malaysia shows that the ratio of the Covid-19 handling budget that meets the dimensions of *maqâshid al-syarî'ah* to the total of state budget is better than Indonesia. The dimensions of *hifdz al-dîn*, *hifdz al nafs*, *hifdz al 'aql* with a higher ratio in Malaysia. Indonesia is superior to Malaysia in the *hifdz al-mâl* dimension.

Graph 3, Comparative analysis between the ratio of Covid-19 handling budget and the total debt equivalent to the fiscal year in Indonesia and Malaysia



Source: <https://kemenkeu.go.id/covid19> and <https://www1.treasury.gov.my/index.php/en/> (processed data)

Based on graph 3, it was illustrated that the ratio of the budget for handling Covid-19 to the



dimensions of *maqâshid al-syarî'ah* in Malaysia is better than in Indonesia. *Hifdz al-mâl* in Malaysia is four times bigger than the state debt, while in Indonesia it is less than ½ (half) of Indonesia's 2020 state debt in handling Covid-19, especially in the dimensions of *hifdz al-'aql* and *hifdz al-mâl*.

## Conclusion

The budget policy for handling Covid-19 in Malaysia included four dimensions of *maqâshid al-syarî'ah*, they were *hifdz al-dîn* with US\$ 488,340,000.00, *hifdz al-nafs* of US\$ 5,745,340,000.00, *hifdz al-'aql* of 9,832,750,000.00, and *hifdz al-mâl* of US\$ 44,976,200,000.00. Whereas in Indonesia it only covered two dimensions, including *hifdz al-nafs* with a budget allocation of US\$ 20,269,755,600.25 and *hifdz al-mâl* of US\$ 24,176,227,371.27. In Indonesia, it had not specifically allocated funds for handling Covid-19, which finance the dimensions of *hifdz al-dîn* and *hifdz al-'aql*. It is known that *hifdz al-dîn* is an important part for Muslims, for example the Indonesian government allocates funds for the Covid-19 prevention protocol in carrying out worship in places of worship. Likewise, in the dimension of *hifdz al-'aql*, Indonesian government should allocate funding to ensure education from elementary to tertiary level becomes easily accessible or continues to run well, such as in Malaysia allocating funds for free internet services.

The comparative analysis showed that Malaysia was superior to Indonesia in three ratios, including: a). The ratio of Covid-19 spending that meets the criteria of *maqâshid al-syarî'ah* to total Covid-19 spending; b). The ratio of Covid-19 spending that meets the criteria for *maqâshid al-syarî'ah* to the total number of state budget; and c). The ratio of Covid-19 spending that meets the criteria of *maqâshid al-syarî'ah* to total number of state debt.

Indonesia and Malaysia did not allocate funds for handling Covid-19 for the dimensions of *hifdz al-nasl*. In both countries, they still allocated funds for handling Covid-19, which is against the principles of Islamic economics, because there is an interest subsidy budget for MSMEs. It is known that interest is in the category of *ribâ* (usury), while

*ribâ* is strongly criticized by Allah SWT in Q.S [1]: 275; Q.S [2]: 130; Q.S [4]: 161; Q.S [30]: 39. The budget for handling Covid-19 by the Indonesian and Malaysian governments was focused on *hifdz al-mâl*, half of the budget for handling Covid-19 was used for this activity.

The lesson learned from this research is that a country with a Muslim majority population should budget for disaster management funds, both natural and non-natural, by paying attention to *maqâshid al-syarî'ah* by including all its dimensions in the budget. The use of state debt in the state budget should be used to finance the achievement of *maqâshid al-syarî'ah* as the fulfillment of emergency needs, especially in a state facing disaster. In the future, it can be done more deeply with *maqâshid al-syarî'ah* variables of population, income and expenditure of usury, Gross Domestic Product. Building a model for the state budget APBN that is in line with *maqâshid al-syarî'ah* in dealing with disasters, both natural and non-natural disasters.

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