

SHARI'AH ORIENTED PUBLIC POLICY ON ACEH EXPENDITURE AND DEVELOPMENT

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Abstract

This paper proposes Aceh public expenditure policy in economic development especially in the area of an improvement in the living conditions of the majority of a nation's citizens- not only in their physical well-being but also improvements in such aspects as their spiritual life, general happiness, right to be free, and the right and ability to enjoy the beauties of nature. We argue based on *shari'ah* oriented that public expenditure accelerates economic development by giving priorities to preserve the necessary interest that are preserved *ad-dien* (religion), *an-nafs* (life or self), *al-'aql* (intellect), *an-nasb* (family or progeny) and *al-maal* (property or wealth), the government will create a healthy conditions or environment for economic activities to achieve Islamic development goals in Aceh Province.

Keyword: Public Expenditure, *Shari'ah* Oriented Public Policy

Introduction

Shariah oriented policy means the policy taken by government in accordance with the shariah. *Siyasah shar'iyyah* thus applies to all government policies, be it in areas where the shari'ah provides explicit guidance or otherwise. The government of Aceh was granted special authority by the Indonesian law since 2006 for self-governance based on Islamic principles in all aspects of life. Since then, the Acehnese has put high expectations on Aceh Government. This expectation includes conducting public expenditure based on the spirit of the Shari'ah especially that the revenue in Aceh Province has risen dramatically from less than IDR11 trillion in 2006 to almost IDR20 trillion in 2012. While Aceh government perceives it is running its affairs based on the Shari'ah, it would be interesting to examine whether the public share the same perception and whether the government spending is able to achieve the objectives of Shari'ah (*al-Maqasid*). The extant literature uses conventional performance yardstick to measure the effectiveness of government spending. Such yardsticks however can mostly measure the quantitative aspect of government spending. Needless to say, government spending based on Islamic oriented public policy (*al-Siyasah al-Shar'iyyah*) also has the qualitative ethical dimensions. Measuring these qualitative dimensions, along the quantitative measures will provide a holistic picture of the efficiency of government spending. Unfortunately, there is hardly any literature that has developed an instrument capable of measuring the qualitative aspects of such spending. Hence, the present study

makes use of literature survey and content analysis to develop one of the tools of Islamic oriented public policy (*al-Siyasah al-Shar'iyah*); to measure the public expenditure in Aceh conforms to Maqasid al-Shari'ah.

Government represents the member of society collectively in every society. The government whether central or local has authority which is endowed a function and duties to serve the society in terms of public interest. It is relevant to the economic objective of Islamic government are; the satisfaction of the basic need of all people; provision of employment to all employable; human resource development; and growth with stability and equity Ul Haq, Irfan (1996). The government would become the protector of the interests of the poor, weak and underprivileged groups to the degree that their rights are restored and their needs met. Within the society there are groups who are directly involve in production process, another group with neither assets nor job opportunities yet having both the ability and willingness to work seems not to be involved in production and the third group, constrained by physical or social limitations such as women, children, disabled and elderly, who always remains outside the mainstream of economic activities.

The government has particular responsibility to provide for the basic needs of last two groups, either through the creation of job opportunities or through social security payments. It is a guarantor of public interest. It would have to have an active role in matters economic. Here the government performs various functions like defence, social welfare, agriculture, infrastructure and industrial development. This kind of classification provides a clear idea about how the public funds are spent. Therefore, an analysis of public expenditure is a crucial issue to discuss whether the government allocate public resources to meet the balanced needs (material and spiritual) of community fairly and equally. In such a way such policy will eliminate poverty, reduce inequality and build a strong and developed economy or a mere increasing the welfare of elites groups.

Economist mostly analysis public expenditure from cost and benefit, whether the allocation provide benefits to some people, small benefit some people or no benefit at all to other people. The analyst try to assess whether those distribution are fair or appropriate, according to one or more criteria. It is to figure out if the benefits of a program outweigh its cost which is purely determines by rational decision making Nice, David (2001). In this regard, Gramlich gives three reasons using cost and benefits analysis of government program.

The first is that the government is not an entity separate from taxpayers, but really the collective expression of the will of taxpayers. A second reason is to maximize profits and the third reason is that the government has other policy measures at its disposal Gramlich, Edward M (1981).

However, according to Mullard cost-benefit approach can be judged to be rather narrow and also misleading, since such an argument seems to imply that outlining a series of cost and benefits does not involve political choice Mullard, Maurice (1993). The issues that arise here is whether these shortcoming are a result of mismanagement or the conventional tool of analysing that is being use to analyse public expenditure in Muslim Countries. Apparently these seem to be a mismatch between the tool and the goal of *maslahah* that the Muslim Countries aspires to achieve. Presently, most literatures have been analysing on public expenditure based on conventional tool. According to Stiglitz, there are two aspects of the analysis of public sector activities; the normative approach, which focus on what the government should do, and the positive approach, which focuses on describing and explaining both what the government actually does and what its consequences are Siglitz, Joseph E (2000).

Therefore, it is very critical for using *shari'ah* oriented as a toll in analysing public expenditure and economic development. It is because the quality of development in Muslim Countries must be defined by the *maqashid shari'ah*. It implies that, economic growth does not only for attaining human wellbeing, but it must be accompanied by a rise in mental peace, justice and fair play at all level of human interaction trough moral-spiritual uplift. By using it tool we argue that public expenditure not only eliminating poverty, reducing inequality and building a strong economic development but also promote the welfare of the people material and spiritual. In fact, the Muslim Countries suffer from widespread economic underdevelopment, poor, stagnant, and backwardness. Having said that there are solutions given in the Islamic economic system. Such tools utilize public expenditure to channel economic development.

The central point of discussion throughout this paper is practice of public expenditure allocation in Aceh and scrutinizes what is the way forward for Aceh governmen have to do with their expenditure in order to achieve justice and equality enshrined in *siayasah shari'ah*. Therefore, there is no doubt that public expenditure is more in line with the objectives of

shariah as it is just, provides equal opportunities and is more beneficial for society in such a way accelerate economic development. In response to suggestions given by the Muslim Scholars that economic development must be in line with the objectives of *shari'ah*. It is to obtain various scholars' point of view pertaining the public expenditure and economic development in the current application of Aceh Government for achieving justice and equality. In particular the main objective of this paper is to identify the impact of public expenditure on the economic development based on *maqashid shari'ah*. The results of this research are expected to assist assessment of our current knowledgebase, to identify misconceptions and knowledge gaps and to indicate direction for further research on the issue of economic development especially from an Islamic perspective.

The above issues are important to analyse and discuss, in such a way we have alternative view how to solve economic problem in the current situation that is dominated by a conventional approach. Furthermore, we examine how the public expenditure drives the economic development. The qualitative method through literature reviews is adapted to support argument of this paper. Then, it assesses the problem of Aceh Governmen and proposes the alternative solution. The theoretical framework of the study is constructed through library research. The main sources of literature review are journals, books, reports, and theses. The library research will address the issues of current utility concept that has been developed, the counter arguments analyse based on *shari'ah* oriented public policy.

Theoritical Framework

Development is a multi-dimensional process involving reorganization and reorientation of entire economic and social system. Todaro point out that development is process of improving the quality of all human lives with three equally important aspects. First, raising peoples' living levels, i.e. incomes and consumption, levels of food, medical services, and education through relevant growth processes. Second, creating conditions conducive to the growth of peoples' self-esteem through the establishment of social, political and economic systems and institutions which promote human dignity and respect. Third, increasing peoples' freedom to choose by enlarging the range of their choice variables, e.g. varieties of goods and services Siglitz, Joseph E (2000).

Islam deeply concerned to the economic development, which focus on human development because the primary function of Islam is to guide human on the correct lines and in the right direction. Muslim scholars such as Khurshid Ahmad (2006), M. Sadeq, Abulhasan (2006), Zubair Hasan (2006), and M. Umar Chapra (2006), clearly defined that economic development in Islam as a balanced and sustained improvement in material and non-material (spiritual) well-being of man. In this regard, they recognize an important role of the government in the economic development process. The duties of the ruler of either an

Islamic state or Muslim majority country include all aspect of economic, social, political and moral activities. These comprise of making provision for the basic need of all, especially for the disadvantaged; protection from both internal and external threats; facilitating production, consumption and distribution of wealth and income as enjoined by the shari'ah and the precedents created by the *khulafa ar-rashidin*; and undertaking any other general and specific activities to fulfil collective needs and provide comforts for everyone.

According to Khurshid Ahmad (1980), there are four philosophic foundations of the Islamic approach to development namely; *Tauhid* (God unity and sovereignty), *Rububiyah* (divine arrangement for nourishment, substance and directing things toward their perfection), *khilafah* (man's role as God's vicegerent on earth), and *tazkiyah* (purification plus growth). Moreover, he point outs five general goals of development policy for a Muslim society. Firstly, human resource development. This would include the inculcation of correct attitudes and aspiration, development of character and personality, education and training producing skills needed for difference activities, promotion of knowledge and research, and evaluation of mechanisms for responsible and creative participation by the common people in key developmental activities, in making at all levels and finally in sharing the fruits of development.

Second, expansion of useful production, it continuous and sustained increase in the national produce would be an important objective. Third, improvement of the quality of life which call for a high priority for employment creation, social security, assuring basic necessities of life for all those who are unable to undertake gainful employment, equitable distribution of income and wealth. Third, balanced development, which is balanced and harmonious development of difference regions within a country and the difference sectors of society and economy. Fourth, new technology, that is evaluation of indigenous technology, suited the conditions, needs and aspiration of Muslim countries. Fifth, reduction of national dependency on the outside world and greater integration within the Muslim world is. It is direct demand of the *ummah*'s position as *khalifah* that is dependent upon the non-Muslim world in all essential must be changed to a state of economic independence, self-respect and gradual building-up of strength and power.

Public Expenditure. Public expenditure is an important method of ensuring social justice through income redistribution in a society Ataul Haq Pramalik (1997). Islam clearly advocates equality for all. However, the public expenditure has crucial rule to bridge the gap between the poor and rich in the societies and reduce inequality. The economists have looked at public expenditure from different point of view. Pigou, A.C (1960)] classified it in two namely, transfer and non-transfer expenditure. Transfer expenditure relates to the expenditure against which there is no corresponding return. Such expenditure includes public expenditure on national old age pension schemes, interest payments, subsidies, unemployment allowances, welfare benefits to weaker sections, etc. By incurring such expenditure, the government does not get anything in return, but it adds to the welfare of the people, especially belong to the weaker sections of the society. Such expenditure basically results in redistribution of money incomes within the society.

On the other hand, the non-transfer expenditure relates to expenditure which results in creation of income or output. It includes development as well as non-development expenditure that results in creation of output directly or indirectly, namely; economic infrastructure such as power, transport, irrigation, etcetera; and social infrastructure such as education, health and family welfare, internal law and order and defence, public

administration, and etcetera. M. Nejatullah Siddiqi (1996), states that in Islamic state has the permanent heads of expenditure which is prescribed by the shari'ah such as defence, law and order, justice, need fulfilment, *da'wah*, enjoining right conduct and forbidding wrong, civil administration, fulfilment of such social obligation as the private sector fails to fulfil. The expenditure necessary in the light of shari'ah in present circumstances include protection of the environment, supply of necessary public goods other than those included in the first list, scientific research, capital formation and economic development, subsidies for priority private activities, and expenditure necessitated by stabilization policies.

Public expenditure aims to reach the economic growth by increasing government expenditure in social expenditure which includes education, health, pensions, unemployment benefits, and other transfer programs. It can share to GDP Schuknecht, Ludger, and Tanzi, Vito (2000), and precisely, Musgrave Musgrave, Richard A and Musgrave, Peggy B (1989), explains the major function of public expenditure are the provision for social goods, adjustment of distribution of income and wealth to ensure conformance with what society consider as a "fair" or "just" state distribution, and as a means of maintaining high employment, a reasonable degree of price level stability, and an appropriate rate of economic growth. Those functions are allocation function, distribution function and stabilization function. John Maynard Keynes as quoted by Froyen advocated the role of public expenditure in determination of level of income and its distribution Froyen, Richard T (2009).

The Islamic Economic system aims to address the issues of public expenditure on equitable distribution of the benefit for society. Siddiqi emphasizes that the Islamic state operates has to aim at three goals, besides other social, political, and spiritual goals. The three economics goals are need fulfilment, reduction of inequalities, and development. As public expenditure expands, it becomes necessary to take away private wealth to meet the fundamental value of Islam. A balance has to be struck between securing public interest through public expenditure and ensuring individual freedom. It is an economic system which advocates for the raising of man in all aspects as well as Economic justice for all M. Nejatullah Siddiqi (1996).

Ibnu Taimiyah as quoted by Islahi Islahi, 'Abdul 'Azim (1992), emphasised that public revenue is a trust in the hands of the authority who should spend it in the best interest of the public according to the instruction of Allah. He says justice should be maintained among people regarding finance, as enjoined by Allah and his messenger, and the managers of revenue have no right to distribute them according to their whim, as an outright owner has to distribute his personal property. The main heads of expenditure, in his view, are to meet the poor and needy, the upkeep of the army for jihad and defence, the maintenance of internal law and order, pension, and salaries of officials, education, infrastructure, and general welfare.

This can realize if public expenditure allocates based on the objectives of the Shariah. In such a way the people have opportunities to all whether rich or poor in economic activities that will encourage economic development. These philosophical frameworks of *maqashid shari'ah* are an important *yardstick* to measure the economic development of modern practice of Muslim Countries in terms of public expenditure today. The basic need of the poor will be warranted by government and give them the way to meet people basic need both spiritual and material.

Shariah Oriented Public Policy. Islam is a system for all of mankind and the Prophet (saw) has been sent as mercy not just to Muslims but to the whole of mankind. The prime

objectives of *shariah* are centralized on the objective of accomplishing the development of both the spiritual and socio-economic well-being of Muslims. As Kamali Kamali, Muhammad Hashim. (2007) explains that the purpose of the Shariah is to benefit and protect mankind as in the Quran Allah tells us that He has not sent the Prophet (saw) except to be “a mercy to the worlds” (Quran Surah al-Anbiyah, 21:107). The author further goes on to explain that *Adl* or Justice is another very important principle and objective of the Shariah and its purpose is to create and maintain equilibrium within a society.

The author defines al-Ghazali's classification of the *maqasid* as being ranked into three; *Daruriyyah* (essential), *Hajjiyah* (complementary) and the *Tahsiniyyah* (desirable). The *Daruriyyah* are divided into 5 which are preserving Life, Intellect, Faith, Lineage and Property. Destruction of these items leads to chaos within a society. The *Hajjiyah* seek to protect and promote the first category, with the *Hajjiyat* difficulty and hardship tends to be removed i.e concessions in Shariah such as the shortening of prayer for a traveller. The *Tahsiniyyah* are refinements in society e.g the encouragement for the wearing of perfume to the Friday prayer or voluntary *sadaqah*. The Shariah also encourages good conduct in man's behaviour i.e *ihsan*, gentleness and pleasant speech.

Other scholars added other objectives to the 5 elaborated by Shatibi and Ghazali, such that also Mans dignity should also be protected, as in the Shariah slanderous accusation was also punishable. Shatibi discusses the identification of *maqasid* and how to provide proof that it is actually an objective. He split this into two categories which were subjective ways and methodological ways. He was in favour of reasoning to determine the objectives of the Shariah. Kamali is of the view that the used of the *maqasid* is essential in today's modern context as it is free from juristic problems found in other tools of *Usul fiqh* such as *Ijma*. Hence he feels that *maqasid* is free from these difficulties and thus are viable options for the development of many issues currently facing the society in Aceh.

Furthermore, according to Al-Fasi as quoted by Shidiqi, “The goal of shari'ah is the good (*maslahah*) of human being as vicegerent in the society he lives in, accountable to Allah who made him in charge for establishing justice and fairness, ensuring intellectual and social wellbeing and psychological contentment for every member of the *ummah*. [M. Nejatullah Siddiqi (1996)”. While according to Ibn ‘Aashur (1879-1893), “objective of shari'ah is meant for maintaining order in the world and preserving its goodness by ensuring the goodness of those who are ruling over in which it indicates reforming (*islah*) in this world and eradicating corruption (*fasad*) from it.”

Accordingly, the responsibility of the state is to ensure the realisation of the *maqashid shari'ah*. However, there are few studies that have tried to operationalize *maqashid shari'ah* as a tool of analysis. Umer Chapra explicates the paradigm of development in the light of *maqasid al-shari'ah*. He clearly defines development in Islam emphasized all the ingredients of human well-being which is invigorating the human self, strengthening faith, enrichment of intellect, enrichment of posterity, and development and expansion of wealth. With progress in ensuring the enrichment of all these ingredients, it may be possible for five-point star of Islam to shine with its full brightness and help realize real human well-being M. Umar Chapra (2008).

Furthermore, Larbani and Mohammed builds a model that can be used as a decision making tool for prioritizing the allocation of investible resources based on the five elements of *maqashid shari'ah* and three levels of *mashlahah*. The policy directly must contribute to the

elements of *maqashid shari'ah*, namely *al-Dien*, *An-Nafs*, *an-Nasb*, *al-Mal*, and *al A'ql*. He proposes five general steps for operationalization of *maqashid shari'ah* namely, identifying the economic sectors, evaluate and identify sectors based on the five *maqashid shari'ah* elements (criteria), obtaining aggregate weights or global evaluation for each sector and each level of *mashlahah*, ranking the sectors according to the aggregate weights of *dharurah* level, and allocating investible resource to the identified sectors using the aggregate weights Mohammed, Mustafa Omar and Larbani, Moussa (2009).

In essence, the *shari'ah* oriented public policy is government act on public such as expenditure. The policy is taken to obtain the *maslahah* of society for preserving *dharuriah* (necessity) that is used to preserve five essential elements, for instance, to preserve life it require (food, housing, education, medication). And evaluate the impact of public expenditure in terms of revenue and allocating toward five elements *mashalah*. Its comprehensiveness lies in the fact that the analysis process encompasses socio-economic dimensions.

Implication Policy Based on *Shari'ah* Oriented

As discuss earlier that the focal objectives of public expenditure are geared to ensure resource allocation optimality and efficiency in such a way the economic will develop and people will reach the welfare in the world and here after. In spite of their excessive spending, Aceh government have neither laid down the minimum infrastructure necessary for a balanced and accelerated development nor adequately supplied the services indispensable for realizing the objective *shari'ah*. Rural infrastructure and agricultural extension services, on which the wellbeing of a preponderant proportion of the population depends, have been neglected. Education, which should constitute the foundation stone of an Islamic society, has also received inadequate attention. Health expenditure has been concentrated mainly in the major cities, in large capital intensive hospital and on curative medicine. Housing for the poor has received hardly any public sector attention and slum areas without public utilities and sanitation have mushroomed.

Therefore, necessary for Aceh government to restructure their public expenditure so that they are able not only to reduce their overall spending levels but also reallocate spending to concentrate more on project that will help accelerate development and realization of the *maqasid shariah* where aims to protect faith (*dien*), life (*nafs*), posterity (*nasb*), intellect (*'aqal*), and wealth (*maal*). These allocation aim to facilitate the needs of human being (Al-Jumuah:10). To ensures wealth is circulated among as many as possible in a fair way (Al-Hasyr:7). To avoid dispute and ensure stability. To promote *maslahah* and avoid harm. To

promote transparency and accountability (Al-Baqarah:282). To uphold and promote justice in acquiring wealth. The allocation based on the shari'ah oriented as shown in the table below.

Table Public Expenditure Based on Maqashid Shari'ah

Necessary	Revenue	Expenditure	Recommended
Preserve Religion/Faith (<i>Hifzuld Dien</i>)	<ul style="list-style-type: none"> - Zakat - Awqaf, - Hibah - Investment of sukuk, - Tax 	<ul style="list-style-type: none"> - Direct grants for <i>muallaf</i> and poor - Loans for self-employment schemes - Scholarships for acquiring education and skills - Low cost housing for the poor, and etcetera - <i>Da'wah</i> 	<p>For overcoming budget deficit</p> <p>(1) Establish and strengthen international financial institution for development of Aceh society,</p> <p>(2) Bilateral and multilateral cooperation among Muslim countries for financing economic development.</p>
Preserve Life (<i>Hifzuld Nafs</i>)	<ul style="list-style-type: none"> - Zakat - Awqaf, - Hibah - Investment of sukuk, - Tax 	<ul style="list-style-type: none"> - Direct grant and food coupons for poor and disabilities and senior citizen. - Health Insurance for poor - Promoting of healthcare such as control of epidemic diseases, prohibition of smoking. - Clean water supply - Sanitary service - Eradication of malnutrition 	<p>(3) Minimize defence spending through policies of conciliation and peaceful coexistence with a view to release resource for satisfying the needs of the majority.</p> <p>(4) Minimize corruption, inefficiency and waste which is seriously eroding the government ability to utilize scare resource efficiently</p>
Preserve Intellect (<i>Hifzuld 'Aqal</i>)	<ul style="list-style-type: none"> - Zakat - Awqaf, - Hibah - Investment of sukuk, - Tax 	<ul style="list-style-type: none"> - Improving education and research to serve the purpose of accelerated moral, material and technological - Providing training in individually and socially for technological capabilities for all walks of life - Providing Scholarship - Adult education and functional literacy 	

		<p>programs</p> <ul style="list-style-type: none"> - Promoting the danger of drugs such as opium, alcohol, ecstasy and etc. 	
<p>Preserve Progeny (<i>Hifzuld Nasb</i>)</p>	<ul style="list-style-type: none"> - Zakat - Awqaf, - Hibah - Investment of sukuk, - Tax 	<ul style="list-style-type: none"> - Promoting health family - Promoting the danger of free sex and adultery - First school for the moral upbringing of children - Direct grant for poor who will be married - Protection environment for future generation 	
<p>Preserve Wealth (<i>Hifzuld Maal</i>)</p>	<ul style="list-style-type: none"> - Zakat - Awqaf, - Hibah - Investment of sukuk, - Tax 	<ul style="list-style-type: none"> - Reorientation of monetary, fiscal policies - Promoting micro-enterprises to expand employment and self-employment opportunities for the poor - Promoting vocational training and microfinance, - Providing the badly needed infrastructure and marketing facilities in rural areas and urban slums - Providing microfinance to the very poor on a humane interest-free basis - Simultaneously developing small scale and micro industries in rural area 	

The table depicts the minimum level of public expenditure which must be allocated by Aceh government to meet the very basic necessity of needs. In fact, in rural area of Aceh is every year most of poor people suffer due to the limited opportunities presented to them to climb out of poverty. Some of them converted their faith to the other religion because of their basic need do not meet. It is state failure to preserve life and faith of the people or man's dignity. It clearly depends on his ability to survive and his ability to put bread on the table for his family. When they got sick there are a way to get medicine and healthy treatment. Aceh government have to fulfil the major needs of the people that must be satisfied and sustain their development and well-being. We hope Aceh govenrmen play roles effectively as vicegerents (*khalifahs*) of Allah in the earth.

Aceh public expenditure could preserve religion may include direct grants, loans for self-employment schemes, scholarships for acquiring education and skills, low cost housing for the poor, food coupons, *da'wah* and etcetera. While for preserving life may include health insurance for poor, promoting of healthcare such as control of epidemic diseases, prohibition of smoking, clean water supply, sanitary service, eradication of malnutrition. It promotes the desired qualities in individuals and curbs the vices that jeopardize the realization of humanitarian social goals.

Aceh public expenditure must advocate for largest educational system, including training in individually and socially that will preserve all of necessity above. It is especially to meet the needs to enrich continually of intellect to improve the individual's own as well as his society's knowledge and technological base. (Umer Chapra: 2008) unequivocally point out that the fulfilment of these needs can help raise the moral, physical, intellectual and technological capabilities of the present as well as future generation and thereby ensure sustained well-being. Developing of knowledge and technology is not only a crucial but also an imperative policy through a high quality of education. He emphasizes that education and research have to be of high quality to serve the purpose of accelerated moral, material and technological development of Muslim societies. It requires guidance from faith to be of service to mankind, faith also requires the service of intellect to maintain its dynamism, to respond successfully to the changing socio-economic and intellectual environment, to

develop the kind of technology that can accelerate development in spite of scarcity of resources, and to play a crucial role in the realization of the *maqashid*.

Moreover, adult education and functional literacy programs widely available. Education needs have to be met for productive survival. The lack of financial resources for education may tend to be a hindrance in promoting economic development and human well-being. Education will, however, not spread as desired unless it is provided free and, if this is not feasible, at affordable costs. Without this, only the rich will be able to afford good quality education for their children. This will intensify the prevailing inequalities of income and wealth and, in turn, accentuate social tensions and instability. It tends to widen the gulf between the rich and the poor, and to condemn the poor to a position of permanent misery. If the educational system is not responding to the objective of shari'ah the economic and development within Aceh are meaningless. Lack of resources is a lame excuse because the crucial importance of education in development demands that it be given maximum priority even if this necessitates the diversion of resources from other sectors.

Therefore, it is necessary to establish a widespread network of institutions such that even poor man's child in rural areas or urban slums are able to have access to technical education and training facilities. This is an important way of removing one of the primary sources of iniquity and poverty and providing everyone a chance to push ahead on the basis of his innate ability and the training he has acquired. A well-fed, healthy and better educated labour force established a firm foundation for faster and sustains economic development in Aceh.

In terms of preserving progeny Aceh public expenditure should promote each family in society as the first school for the moral upbringing of children. The government promote such program for it such as promoting the danger of free-sex, healthcare program, protection environment, and a proper education to provide them the skills that they need to enable them to stand on their own feet and to contribute effectively to the moral, socio-economic, intellectual and technological development of their societies. For this purpose, it is again indispensable to have high quality schools, colleges and universities. This is the area where Muslims have failed badly over the last few centuries after several centuries of commendable performance. If this school fails to inculcate in them the good qualities of character that Islam expects in its followers, it may be difficult to overcome the setback later on.

No civilization can survive if its future generations are spiritually, physically, and mentally of a lower quality than the previous ones and are, therefore, unable to respond successfully to the challenges that they face. Precisely, the education is given the priority that it deserves and the resources that it needs the other factors which are indispensable for protecting posterity. One of these is the fulfilment of all their needs, including health care, so that they are physically and mentally healthy and capable of playing their roles effectively in their society. The prophet said that “a strong muslim is better and more beloved before god than a weak one.”

The last primary *shariah* oriented policy is to preserve wealth. It is a trust form good and needs to be developed and used honestly and conscientiously for removing poverty, fulfilling the needs of all, making life as comfortable as possible for everyone, and promoting equitable distribution of income and wealth. Its acquisition as well as use needs to be primarily for the purpose of realizing the *maqashid shariah*. The wealth provides the resources that are necessary to enable individuals to fulfil their obligations towards God as well as their own selves, fellow human beings, and the environment, it is faith which helps inject a discipline and a meaning in the earning and spending of wealth and thereby enable it to serve its purpose more effectively.

Development of wealth is also imperative for realizing the crucial Islamic goal of minimizing the inequalities of income and wealth. For this purpose, it would be a mistake to place primary reliance on the redistributive methods of *zakah*, *sadaqat* and *awqaf*. While all of these are indispensable, it is also important to enlarge the Aceh pie through economic development. Putting too much burden on the rich through excessively high rates of taxes would be resisted by them, as the Qur'an has been realistic to admit. Therefore, Muslims cannot afford to ignore the role of economic development in reducing poverty and inequalities. Beside the government must strengthen the human resources through a cultural transformation in favour of education, technological advance, it is also necessary to reorient monetary such as eliminate *riba* (interest) and *gharar* (uncertainty) from financial system, fiscal and commercial policies in the light of Islamic teachings to ensure accelerated development.

There should be no qualms about benefiting from the experience of other countries that have been able to attain high rates of growth in a manner which is not in conflict with the Shari'ah.

To inject greater justice into the developmental process, it is also necessary to promote micro-enterprises to expand employment and self-employment opportunities for the poor. In this regard Khan (M. Fahim Khan: 2008) promoting entrepreneurial opportunities by having a system of social security which guarantees at least subsistence, that entrepreneurs may rely upon until they succeed in their entrepreneurial endeavour are requires. This may not be possible without promoting vocational training and microfinance, and providing the badly needed infrastructure and marketing facilities in rural areas and urban slums. Experience has shown that interest-based microfinance has not led to as much improvement in the lives of the hard core poor as desired. This is because the effective rates of interest have turned out to be as high as 30 to 45 per cent. This has caused serious hardship to the borrowers and engulfed them into an unending debt cycle. Owning capital is one of the important bases of wealth creation and the poor may not be able to come out of poverty even if they have the necessary skills if they do not have access to capital.

It is, therefore, important to provide microfinance to the very poor on a human interest-free basis. This will necessitate the integration of microfinance with the zakah and *awqaf* institutions. For those who can afford, the profit-and-loss sharing and sales- and lease based modes of Islamic finance need to be popularized. In order for man to achieve this dignity especially the poor, it is essential that they have access to financing on a fair basis so that they have the opportunity to attain dignity in the society by becoming successful entrepreneurs. If they are given this opportunity they will not have to rely on hand-outs and charity and thus this is better for the society at all levels.

In case in Indonesia is widely experience budget deficit which push the government to financing such expenditure through borrowing from not-so-friendly countries or foreign aid. It does not solve the problem otherwise Indonesia must to struggle to pay debt plus interest event it may be dictated by foreign interest. This policy has a critical impact not only to the economic development but the debt burdens also reduced the dignity of nation and disturb the future generation. So, Aceh province don't need to imitate such policy. Because, it is against the objective of shari'ah that necessity to preserve faith and progeny. In this regard (Abu Hasan M. Sadeq: 2006) point out that loans create the problem of debt servicing where many countries have to take loans every year just to pay the interest on previous loans even they pay more than what they receive. Consequently, the country that has the debt must dance to the tune of donors as precondition of getting aid. It will affect their policy and the cultural

and ideological because the donors may require to promote or to allow the donor countries to promote their ideology.

Loans may meet the present need personal expends of government official but disturb the future generation with a view to curb living beyond means and against the long run public interest. For this case, Aceh government should encourage discipline in budget planning and solve such the deficits by innovation which in line the objective *shari'ah*. There is no escape from proper political stability, moral upbringing and education of individuals to motivate them to do what is right and abstain from doing what is wrong on their own volition. In essence the need for reform of human beings and the role that faith plays in such reform. Then the corruption in public expenditure absolutely must be stopped. There are many possibilities to solve budget deficit that in line with *maqashid shari'ah* such as zakat, awqaf, investment of sukuk, tax, and etcetera. M.Sadeq suggests that Muslim countries should consider at least two other alternative to such external sources of resources; (1) an international financial institution for development of Muslim Countries, and (2) bilateral and multilateral cooperation among Muslim countries for financing economic development. Chapra argues that the most important goals of government policy in Muslim countries should be to minimize defence spending through policies of conciliation and peaceful coexistence with a view to release resource for satisfying the needs of the majority.

Sadly to say, there are indications that increasing budget expenditures in Aceh do not translate into concrete results on the ground. For example, the World Bank report (2007) on Aceh Public Expenditure Analysis (APEA) shows that Aceh Government spending on health has barely increased after special autonomy. It is found that despite the increase in revenue, Aceh's healthcare system remains woefully under-funded. Inadequate health care provision makes up total health expenditures of household. Meanwhile Aliasuddin and Taufiq C. Dawood (2008) found a significant relationship between Aceh government spending and economic growth. But the response of such spending to economic growth is only significant in the short term. Meaning that through government spending the economy increased, but it was not reinvested in economic activities in Aceh. So the impact of the economy on government spending in the long term has negative relationship. Dayyan (2013) found that government spending in Aceh has mostly developed the five Maqasid (Religion, human life, intellectual capital, family institution and income & wealth) to the extent of basic necessities. The spending has not improved the qualities of five Maqasid to the other two higher levels in

the hierarchy of *Maslahah*, namely Complement (*Hajiyyah*) and Embellishment (*Tahsiniyyah*) (Dayyan, Muhammad: 2013).

Conclusion

Shari'ah oriented public policy emphasized all the ingredients of human well-being, including the human self, faith, intellect, posterity and wealth, along with their corollaries, instead of just wealth. They are all interdependent and play the role of supporting each other. Concentration only on economic development with the neglect of other requisites for realizing the Islamic vision may enable Aceh society to have a relatively higher rate of growth in the short-term. But it may be difficult to sustain it in the long-run because of a rise in inequities, family disintegration, juvenile delinquency, crime, and social unrest. Indeed, Aceh Government in order to achieve the social welfare of society or economic welfare paradigm propagated by those Muslim scholars, public expenditure policy should be taken place for achieving that stage of paradigm as enshrined in *maqasid shari'ah*.

Therefore, Aceh government must avoid revenue from debt with interest, otherwise, it does not solve the problem otherwise create serious problems not only to the economic development but the debt burdens also reduced the dignity of nation and disturb the future generation. In terms of spending, Aceh government should be allocate for largest educational system, including training in individually and socially requisite knowledge and vacation, public utilities, social welfare services, social insurance, medical and health services, low-cost housing, cultural development programs, agricultural and industrial development programs, public and mass transportation system. These programs will fulfil the necessity needs of people such as human dignity, justice, faithful, security of life, property, honour, and freedom. These are essential for **achievement of human beings' spiritual and material well-being** as the main goal of economic development.

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