

STATE BUDGET EFFICIENCY ACCORDING TO IBN KHALDUN AND ABU YUSUF AND ITS IMPLEMENTATION IN THE MANAGEMENT OF INDONESIA'S STATE BUDGET

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Abstract : This article examines the concept of state budget efficiency as articulated by Ibn Khaldun and Abu Yusuf, and analyzes its relevance to the management of Indonesia's State Budget (APBN). The research emphasizes that budget efficiency should be understood as fair, productive, trustworthy, and oriented toward public welfare, rather than being limited to spending reductions. A qualitative literature review is employed, utilizing descriptive-analytical, comparative, and contextual methods. Primary sources include Ibn Khaldun's *Kitab Muqaddimah* and Abu Yusuf's *Kitab al-Kharaj*, while secondary sources comprise Islamic economic literature, public finance studies, State Budget documents, BPS data, and regulations related to budget efficiency in Indonesia. The findings reveal that Ibn Khaldun evaluates fiscal efficiency through the interplay of tax burden, societal productivity, economic incentives, and state stability. Abu Yusuf, in contrast, highlights fiscal justice, the trustworthiness of rulers, accountability in tax collection, and the protection of the populace from fiscal injustice. In the Indonesian context, the perspectives of these two scholars are pertinent for assessing state budget efficiency policies, ensuring that they address not only nominal savings but also social protection, equity, economic productivity, and the public good. This article proposes a conceptual framework for APBN efficiency grounded in justice, productivity, trust, and public welfare, offering an alternative to technocratic approaches focused solely on budget cuts.

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Introduction

State budget efficiency is a critical concern in contemporary fiscal governance, especially when countries encounter revenue constraints, increasing public expenditure demands, and the imperative of sustainable development (Detik.com, 2025). In Indonesia, budget efficiency is frequently equated with cost-cutting, spending reductions, or the restructuring of government expenditures (Rosihana et al., 2024). Although fiscal discipline is essential, conceptualizing efficiency solely as a technocratic or administrative matter is inadequate (Emilia et al., 2025). The state budget also functions as a moral, social, political, and economic instrument that reflects the state's commitment to its citizens.

In practice, the challenge of budget efficiency in Indonesia is evident in the effort to maintain a balance between development spending, social protection, fiscal stability, and the sustainability of financing. The country still faces structural poverty; in September 2025, the Central Statistics Agency (BPS) recorded 8.25 percent of the population living in poverty, or 23.36 million people (BPS, 2026b). At the same time, expenditure inequality remains evident through the September 2025 Gini Ratio of 0.363, with urban inequality at 0.383 and rural inequality at 0.295 (Statistics, 2026a). This data indicates that budget efficiency cannot be separated from the state's responsibility to protect vulnerable groups, strengthen equitable distribution, and ensure public access to basic services.

In the economic-political dimension, Indonesia's State Budget also operates within a fiscal space that demands a balance between development expansion and budgetary prudence. The government and the House of Representatives agreed on the 2026 State Budget framework with state revenue of Rp3,153.6 trillion, state expenditure of Rp3,842.7 trillion, and a deficit of Rp689.1 trillion or 2.68 percent of GDP (Ministry of Finance, 2025a). This fiscal posture indicates that the state requires substantial spending to support development, yet simultaneously faces revenue constraints and financing pressures. Consequently, budget efficiency has become a critical agenda—not in the sense of curtailing public spending, but rather as a means of prioritizing fiscal resources to ensure the State Budget continues to function as an instrument of welfare.

From a policy perspective, the issuance of Presidential Instruction No. 1 of 2025 on Expenditure Efficiency in the Implementation of the 2025 State and Regional Budgets indicates that efficiency has become a formal national agenda (BPK, 2025). This Presidential Instruction directs ministries, agencies, and local governments to conduct expenditure reviews in accordance with their respective duties, functions, and authorities. However, such efficiency policies raise a fundamental question: *should efficiency be understood merely as a reduction or saving of expenditures, or must it*

be interpreted as the state's ability to manage public resources fairly, productively, with integrity, and in the interest of the people's welfare?

This question highlights the distinction between practical and scientific issues in this study. The practical issue lies in how the state manages the State Budget efficiently amidst fiscal pressures, poverty, inequality, and development needs. Meanwhile, the scientific issue lies in the lack of strong integration of classical Islamic economic thought—particularly the ideas of Ibn Khaldun and Abu Yusuf—as a conceptual framework for interpreting and evaluating modern fiscal efficiency. Studies on budget efficiency are generally still dominated by modern public economics approaches that emphasize aspects of spending, revenue, deficits, and fiscal discipline. On the other hand, studies in Islamic economics often discuss justice, trust, public interest, and the prohibition of fiscal injustice in normative terms, but have not yet integrated these concepts comparatively into the framework for evaluating contemporary state budgets.

Within the corpus of classical Islamic economics, the thought of Ibn Khaldun and Abu Yusuf holds significant relevance for enriching the discourse on state budget efficiency (Tilopa, 2017). In *his book The Muqaddimah*, Ibn Khaldun devotes considerable attention to the relationship between the state, taxation, societal productivity, prosperity, and political stability (Khaldun, 2014). For Ibn Khaldun, poor fiscal management, excessive tax burdens, and weakened economic incentives can undermine societal productivity while simultaneously weakening the state (Alatas, 2014). Thus, fiscal efficiency from Ibn Khaldun's perspective is not merely about spending cuts but also the state's ability to maintain a balance between revenue, productivity, and socio-political sustainability (Affandi & Astuti, 2014).

Meanwhile, Abu Yusuf, through *his Kitab al-Kharaj*, provides a crucial foundation in public finance jurisprudence, particularly regarding the management of taxes, kharaj, usyur, alms, and the ruler's responsibility in upholding fiscal justice. This work was written at the request of Caliph Harun al-Rashid and contains a deep concern for the trust of power, the protection of the people from unjust levies, and the importance of fiscal policies that do not undermine the economic livelihood of the community. From Abu Yusuf's perspective, budget efficiency cannot be separated from the principles of justice, accountability, and the public good. The state is not only required to be capable of collecting and spending public resources but is also obligated to ensure that fiscal policies do not become instruments of oppression against the people.

By bringing together the thoughts of Ibn Khaldun and Abu Yusuf, this article seeks to fill an academic gap in the study of state budget efficiency. Integrating the two is crucial because Ibn Khaldun provides a

macro-sociological framework regarding the relationship between fiscal policy, productivity, and state stability, while Abu Yusuf offers a normative-legal framework concerning justice, trust, and the protection of the people in public financial management. Both can be used to construct a framework for evaluating state budget efficiency that not only measures fiscal success in terms of nominal savings but also assesses its impact on the distribution of justice, social protection, economic productivity, and the public good.

Based on this background, this article aims to analyze the concept of state budget efficiency in the thought of Ibn Khaldun and Abu Yusuf, compare the similarities and differences in their ideas, and examine their relevance to the management of Indonesia's State Budget. This article is grounded in the argument that budget efficiency from the perspective of Islamic public finance is not synonymous with spending cuts, but rather the state's ability to manage revenue and expenditures in a fair, proportional, productive, trustworthy, and public-welfare-oriented manner. Thus, the contribution of this article lies in the formulation of a conceptual framework for state budget efficiency based on the integration of the thoughts of Ibn Khaldun and Abu Yusuf as an alternative to a purely technocratic approach to fiscal efficiency.

Research Methodology

This study employs a qualitative *library research* approach with descriptive-analytical, comparative, and contextual characteristics (Amir et al., 2009). This approach was chosen because the research objects consist of ideas, concepts, values, and the intellectual frameworks of two classical Islamic economic figures, namely Ibn Khaldun and Abu Yusuf (Nahlah et al., 2023). The formal object of this study is the concept of state budget efficiency, while the material object is the thought of Ibn Khaldun in *the Muqaddimah* and Abu Yusuf in *the Kitab al-Kharaj*. This study does not use a specific field location because it is text- and document-based; however, the institutional context analyzed is the management of public finances, specifically Indonesia's State Budget (APBN).

The research data sources consist of primary and secondary sources. Primary sources include *Kitab Muqaddimah* (Khaldun, 1967). Ibn Khaldun's work and *Kitab al-Kharaj* by Abu Yusuf (Abu Yusuf Ya'qub bin Ibrahim al-Anshari, 1984). as both contain important ideas regarding the state, taxes, public revenue, government spending, fiscal justice, productivity, the trust of power, the protection of the people, and the public good. Secondary sources include books on Islamic economics, scientific journal articles, previous research, public finance literature, state budget documents, official

government reports, BPS data, and regulations related to budget efficiency policies in Indonesia. The literature was selected purposively based on criteria relevant to the themes of budget efficiency and Islamic public finance, possessing academic or institutional authority, relating to the thought of Ibn Khaldun and Abu Yusuf, and supporting a contextual analysis of Indonesia's State Budget.

Data collection was conducted through documentation, specifically by searching for, reading, noting, citing, and organizing written materials relevant to the research focus. The collected data was then processed through the stages of selection, reduction, categorization, interpretation, and systematization to ensure the discussion remained focused on the concept of budget efficiency in the thought of Ibn Khaldun and Abu Yusuf and its relevance to Indonesia's State Budget (APBN). Data analysis techniques included content analysis, comparative analysis, and contextual analysis. Content analysis is used to interpret the concepts of taxation, state revenue, public expenditure, justice, trust, productivity, and the public good in classical texts; comparative analysis is used to identify similarities and differences in the thought of the two figures; while contextual analysis is used to assess the relevance of these ideas to contemporary Indonesian public financial management.

RESEARCH FINDINGS

Efficiency of Indonesia's State Budget

The efficiency of Indonesia's State Budget (APBN) emerges within a complex socio-economic context. Efficiency does not operate in a vacuum but exists amidst the state's need to fund welfare agendas, control inequality, maintain fiscal sustainability, and respond to development pressures (KEMENKEU, 2025a) . Budget efficiency cannot be understood merely as spending cuts, but rather as the prioritization of fiscal resources to ensure the state budget continues to function as an instrument of public welfare.

Empirically, BPS notes that in September 2025, Indonesia's poor population reached 23.36 million people, or 8.25 percent (Statistics, 2026a) . Although this figure is lower than in March 2025, the number of poor people remains high and indicates that public spending still plays a very important social role. During the same period, Indonesia's Gini Coefficient stood at 0.363. This figure indicates an improvement in income distribution, but inequality remains a structural issue the country must address (Statistics, 2026b) . Thus, any policy aimed at improving the efficiency of the State Budget must consider its impact on the poor, vulnerable groups, and public access to basic services.

Indonesia's APBN efficiency policies have become a formal national agenda. This is evident from the issuance of Presidential Instruction No. 1 of 2025 on Expenditure Efficiency in the Implementation of the APBN and APBD for Fiscal Year 2025 (KEMENKEU, 2025b) . This Presidential Instruction is addressed to ministers, heads of agencies, the Indonesian National Armed Forces (TNI), the Indonesian National Police (Polri), the Attorney General's Office, heads of non-ministerial government agencies, heads of secretariats of state institutions, governors, regents, and mayors. Thus, efficiency is not merely a technical policy of the Ministry of Finance but a cross-institutional instruction binding both the central and local governments (Kemenkeu, 2025b) .

Under this policy, the target for government expenditure efficiency for the 2025 Fiscal Year is set at Rp. 306,695,177,420,000.00. This amount consists of efficiency in ministry/agency spending of Rp256,100,000,000,000.00 and efficiency in transfers to local governments of Rp50,595,177,420,000.00 (KMK, 2025) . Efficiency measures are directed at operational and non-operational expenditures, such as office expenses, maintenance, official travel, government assistance, infrastructure development, and the procurement of equipment and machinery. However, these policies do not cover personnel expenditures and social assistance. These findings indicate that efficiency in Indonesia's State Budget has shifted from administrative discourse toward formal fiscal policy with broad implications for the structure of government spending (Abimanyu, 2000) .

The efficiency of Indonesia's State Budget requires expanding the concept of efficiency from nominal to substantive efficiency. Nominal efficiency focuses solely on the amount of budget savings, whereas substantive efficiency assesses whether such savings maintain the state's social functions, protect vulnerable groups, strengthen economic productivity, and ensure the budget serves the public interest. Thus, the efficiency of the State Budget should not be judged solely by the amount of spending cut, but also by the quality of allocation, the accuracy of targeting, and its impact on public welfare.

Fiscal Efficiency in the Thought of Ibn Khaldun

Key findings from Ibn Khaldun's thought indicate that fiscal efficiency is closely linked to the relationship between the state, taxes, societal productivity, political stability, and the sustainability of civilization (Azhar et al., 2024) . In *The Muqaddimah*, Ibn Khaldun does not discuss budget efficiency in the modern technocratic sense, but his ideas on taxes, power, prosperity, and the decline of states provide an important

foundation for understanding fiscal efficiency substantively (Wiraputra et al., 2025)

From Ibn Khaldun's perspective, sound fiscal policy is one that preserves the productive capacity of society (Anwar et al., 2025). Excessively heavy taxes can weaken the incentive to work, reduce productivity, diminish economic activity, and ultimately lower state revenue (Khaldun, 1967). Conversely, proportional taxation can stimulate economic activity, broaden the revenue base, and strengthen national stability. Thus, fiscal efficiency is not merely measured by a state's ability to collect revenue or reduce spending, but by its capacity to maintain a balance between fiscal needs and the vitality of the economy.

This finding aligns with Ibn Khaldun's statement in the Muqaddimah in the chapter/section "On Fiscal Revenue: The Causes of Its Scarcity and Abundance" () (Khaldun, 1967) :

ربما يزيدون في مقدار الوظائف إذا رأوا ذلك النقص في الجباية ويحسبونه جبراً لا نقصاً... فلا تزال الجملة في نقص ومقدار الوزائع والوظائف في زيادة."

"Perhaps they will increase the number of positions if they see that shortfall in revenue and regard it as a surplus rather than a deficit... so the overall revenue remains in deficit while the number of officials and positions continues to rise."

Meaning: Sometimes rulers increase the amount of taxes and fees when they see a decline in state revenue. They assume that this increase will cover the revenue shortfall. In reality, the opposite occurs: total state revenue continues to decrease, while the burden of taxes and fees continues to rise.

This statement explains that when government revenue declines, the government often takes a shortcut by raising taxes or fees. However, such actions do not always improve the state's finances. If the tax burden becomes too heavy, the people will lose the incentive to work, trade, farm, and produce. As a result, economic activity weakens, the tax base narrows, and government revenue actually declines further. Thus, tax increases originally intended as a fiscal solution can become a source of economic damage if they do not take into account the productive capacity of the people.

This finding demonstrates that Ibn Khaldun situated budgetary efficiency within a broader economic-political framework. A state that overburdens its people through taxes and unproductive spending creates economic disincentives. In the long term, this can weaken the public's productive capacity and erode the state's legitimacy. Efficiency, in Ibn

Khaldun's perspective, encompasses the principles of fiscal prudence, tax proportionality, protection of productivity, and state sustainability.

The relevance of Ibn Khaldun's thought to Indonesia's State Budget lies in the importance of ensuring that budget efficiency does not weaken the society's productive capacity . Spending cuts that affect basic infrastructure, public services, education, health, and economic support for the people risk lowering socio-economic productivity. Therefore, state budget efficiency aligns with Ibn Khaldun's thought when directed toward cutting waste, improving the quality of spending, maintaining economic incentives, and strengthening societal resilience.

Fiscal Efficiency in the Thought of Abu Yusuf

Abu Yusuf demonstrates that fiscal efficiency is rooted in the principles of justice, the trust of authority, the protection of the people, and the prohibition of fiscal injustice (. In *Kitab al-Kharaj*, Abu Yusuf discusses the management of state revenue, such as *kharaj*, *usyur*, *zakat*, and various other fiscal instruments within the framework of governmental responsibility (Rahayu et al., 2022) . Unlike Ibn Khaldun, who emphasized the relationship between fiscal policy and state productivity and stability, Abu Yusuf placed fiscal policy more firmly within a normative-legal framework (Rosana, 2023) .

Substantively, in *Kitab al-Kharaj*, Abu Yusuf positions the management of state finances within the framework of the public interest. In the opening section of his treatise addressed to Harun al-Rashid, on page 5, Abu Yusuf writes: “ :

حياة الرعية وصلاحهم إنما تكون بالعمل بطاعة الله في أمرهم

Meaning: that the life and well-being of the people can only be realized if their affairs are managed based on obedience to Allah.

This statement is significant because Abu Yusuf did not view state revenue merely as a fiscal instrument to increase the ruler's coffers, but rather as a public trust that must be managed correctly, fairly, and responsibly. Thus, the measure of success in budget management is not merely the size of state revenue, but the extent to which that revenue is used to improve the lives of the people.

This principle becomes even clearer when Abu Yusuf discusses the chapter on “*Fai and Kharaj*” (Chapter on *Fai and Kharaj*) on page 29. In this section, he writes: :

ولا ينبغي لك أن تجري على أهل الخراج ولا على غيرهم من الرعية خلافاً ولا جنابة... ولا يؤخذ منهم في كسوتك ولا دوابك ولا فواكهك شيء، ولا تجري لأحد من ولدك ولا غيره نفقة عليهم في شيء من ذلك

“You should not impose any injustice or wrongdoing upon the people subject to kharaj or upon any other members of the subjects... Nor should anything be taken from them for your clothing, your mounts, or your fruits, nor should you impose any expenses upon them for any of your children or others in any of these matters.”

Meaning: It is not proper for you to impose any injustice or oppression upon the people subject to the kharaj tax or upon other subjects. Nor should anything be taken from them for your clothing, your mounts, or your fruits. Nor should you impose any expenses for any of your children or others upon them in any matter.

This quote emphasizes that kharaj payers and the general populace must not be burdened with injustice, oppression, or levies to finance the personal needs of the ruler, his family, or his inner circle. In other words, wealth collected from the people must not be diverted into sources of elite perks, consumptive spending, or official privileges. In the context of budget efficiency, Abu Yusuf is essentially arguing that the state budget must be purged of expenditures that lack public benefit.

Budget efficiency, from Abu Yusuf’s perspective, cannot be interpreted merely as spending cuts or administrative savings alone (Hanum et al., 2025) . True efficiency occurs when state revenue is used in accordance with its fundamental purpose: safeguarding the people’s livelihood, improving welfare, and preventing the use of public funds for the personal interests of those in power. Therefore, a government program can only be called efficient if its benefits return to the people, not when the budget is merely cut without direction or, worse, diverted for the benefit of the elite. In other words, Abu Yusuf positions efficiency as part of fiscal justice: the budget must be effective, targeted, free from misuse, and oriented toward the public good.

Implementation of Efficiency Policies

Indonesia’s policy on government spending efficiency through Presidential Instruction No. 1 of 2025 (Detik.com, 2025) . This document explicitly mandates spending efficiency in the implementation of the 2025 State Budget (APBN) and Regional Budget (APBD). The Presidential Instruction is addressed to ministers, heads of agencies, the Indonesian National Armed Forces (TNI), the Indonesian National Police (Polri), the Attorney General’s Office, heads of non-ministerial government agencies, heads of secretariats of state institutions, governors, regents, and mayors. This means that efficiency is not merely a policy of the Ministry of Finance but a cross-institutional directive spanning both central and local governments (KEMENKEU, 2025b) .

In this case study, government spending efficiency for Fiscal Year 2025 is set at Rp306,695,177,420,000.00, comprising ministry/agency expenditure efficiency of Rp256,100,000,000,000.00 and transfers to local governments of Rp50,595,177,420,000.00 (KEMENKEU, 2025b) . This Presidential Instruction directs efficiency efforts toward operational and non-operational expenditures, including office expenses, maintenance, official travel, government assistance, infrastructure development, and the procurement of equipment and machinery, but excludes personnel expenses and social assistance. This data indicates that Indonesia's efficiency efforts have shifted from general discourse toward formal policies that bind the government structure.

A comparison between Presidential Instruction No. 1 of 2025, the state budget framework, and the thought of Ibn Khaldun–Abu Yusuf reveals that Indonesia's budget efficiency requires expanding the concept of efficiency from nominal efficiency toward efficiency for the public good. The Presidential Instruction has provided an administrative basis for curbing non-priority spending, but the concept of “ ” (public welfare) in the thought of Ibn Khaldun and Abu Yusuf provides a normative basis for assessing the ethical direction of such policies. Efficiency in accordance with Islamic public finance is efficiency that cuts waste, maintains social protection spending, strengthens community productivity, avoids fiscal injustice, and ensures that the state budget returns to the people in the form of services, justice, and welfare.

DISCUSSION

Budget Efficiency as an Ethical-Substantive Issue

The findings of this study confirm that state budget efficiency in the thought of Ibn Khaldun and Abu Yusuf cannot be understood merely as a practice of spending cuts (Kholis, 2018) . Budget efficiency must be interpreted as a fiscal framework that connects four key elements: justice, productivity, trust, and the public good (Öztürk, 2022) . In the Indonesian context, the urgency of this concept is evident from the still-high number of people living in poverty, the persistence of expenditure disparities, and the limited fiscal space of the State Budget. Therefore, the efficiency of the State Budget cannot be assessed solely by how much spending can be cut, but must be evaluated based on whether such policies can maintain the state's social functions and strengthen public welfare (Dr. Sabahuddin Azmi, 2005) .

Academically, this discussion stems from a critique of the tendency toward a technocratic approach in understanding budget efficiency. In a technocratic approach, efficiency is often interpreted as cost savings,

reductions in operational expenditures, restrictions on official travel, or cuts to administrative posts. While this approach is important, it is insufficient. Efficiency that relies solely on nominal figures risks overlooking the social, distributional, and productive impacts of fiscal policy. In a country still grappling with poverty and inequality, budget cuts can become problematic if they reduce public access to basic services, weaken purchasing power, or narrow the scope for economic productivity among the people.

From an Islamic economic perspective, efficiency cannot be separated from the moral dimension of “ . State finances are not merely administrative instruments but a public trust that must be managed to realize justice and the common good. This is where the thought of Ibn Khaldun and Abu Yusuf offers significant conceptual contributions. Ibn Khaldun situates efficiency within the relationship between taxes, societal productivity, and state stability. Abu Yusuf situates efficiency within the relationship between the trust of power, the justice of taxation, and the protection of the people from fiscal injustice. Both demonstrate that budget efficiency must have an ethical orientation, not merely an administrative one.

Thus, state budget efficiency must be understood as substantive efficiency—that is, the state’s ability to manage public revenue and expenditure in a manner that is frugal, just, productive, accountable, and oriented toward the public good. Substantive efficiency differs from nominal efficiency. Nominal efficiency asks only: how much can the budget be saved? In contrast, substantive efficiency asks: who is affected by these savings, which expenditures are reduced, what public benefits are maintained, and does the policy strengthen or weaken the people’s livelihood?

A Synthesis of the Thought of Ibn Khaldun and Abu Yusuf

A conceptual synthesis of the thought of Ibn Khaldun and Abu Yusuf demonstrates that budget efficiency grounded in Islamic economics must be built upon two major foundations: productive rationality and ethical rationality. Productive rationality is particularly evident in the thought of Ibn Khaldun, while ethical rationality is strongly evident in the thought of Abu Yusuf. Ibn Khaldun viewed the state’s fiscal strength as heavily dependent on societal productivity. The state cannot sustain fiscal revenue if its tax and spending policies undermine the economic incentives of the people. When the tax burden is too heavy, society loses the incentive to work, trade, farm, and produce. Consequently, economic activity weakens, the tax base narrows, and state revenue actually declines. This perspective demonstrates that fiscal efficiency, from Ibn Khaldun’s viewpoint, is not

merely about reducing spending, but the state's ability to maintain a balance between the need for state revenue and the sustainability of societal productivity.

Ibn Khaldun's thinking is relevant for interpreting Indonesia's fiscal policy. When the state faces deficits and financing pressures, the fiscal response must not be directed solely toward increasing revenue or mechanically cutting spending.

Fiscal policy must be evaluated based on its impact on societal productivity. Taxes that place an excessive burden on small economic actors, and spending cuts that reduce support for education, health, basic infrastructure, and social protection, can trigger a chain reaction leading to the weakening of the community's economy. Within Ibn Khaldun's framework, such policies are inefficient, even if they appear to yield administrative savings. Meanwhile, Abu Yusuf provides an ethical-legal foundation for budgetary efficiency. In *Kitab al-Kharaj*, fiscal management is not viewed as the ruler's absolute right, but as a trust that must be accounted for. The state must not use public revenue for the personal interests of the elite, unnecessary trappings of power, or oppressive taxes on the people. Efficiency, from Abu Yusuf's perspective, means preventing moral corruption in state finances: waste, misuse of taxes, favoritism toward the elite, and the neglect of the people's rights.

The synthesis of Ibn Khaldun and Abu Yusuf leads to the understanding that fiscal efficiency in the Islamic economy has two key dimensions. First, the productive- e dimension, namely whether fiscal policy strengthens or weakens society's productive capacity. Second, the ethical-distributive dimension, namely, whether fiscal policy is managed fairly, with integrity, and in the public interest. If efficiency only results in savings but weakens societal productivity, then it contradicts Ibn Khaldun's framework. If efficiency only cuts spending but reduces public rights and allows elite spending to continue, then it contradicts Abu Yusuf's framework. State Financial Alignment.

An Islamic Economics-Based Model for Evaluating State Budget Efficiency

Based on a synthesis of the thoughts of Ibn Khaldun and Abu Yusuf, this study offers an Islamic economics-based model for evaluating the efficiency of the State Budget. This model consists of five evaluative dimensions. *First*, the dimension of fiscal justice. The efficiency of the State Budget must be assessed based on whether budget policies strengthen justice or, conversely, widen inequality. Efficiency policies must not reduce spending that directly protects the poor, the vulnerable, and low-income

communities. Within this framework, social spending, education, health, and basic services must be treated as strategic expenditures, not merely fiscal burdens.

Second, the dimension of economic productivity. Following Ibn Khaldun, efficiency must be tested by its impact on society's productive capacity. Cost-cutting that reduces support for productive sectors, basic infrastructure, agriculture, SMEs, education, and health can be deemed substantively inefficient, as it weakens the economic foundation that serves as the source of state revenue in the long term. Thus, efficiency must be directed toward non-productive spending, not toward spending that strengthens societal capacity. Third, the dimension of trust and accountability. Following Abu Yusuf, the management of the state budget must ensure that public funds are not used for the interests of the elite, excessive facilities, or spending that lacks clear public benefit. In this dimension, efficiency must begin with reducing bureaucratic waste, ceremonial spending, non-priority travel, non-urgent procurement, and programs that have no direct impact on the public good.

Fourth, the dimension of social protection. Efficiency in the state budget must distinguish between wasteful spending and life-saving spending. Social protection spending, targeted subsidies, health services, basic education, and poverty reduction programs must not be treated the same as unproductive administrative spending. Efficiency that reduces social protection may yield short-term savings but incurs long-term social costs. Fifth, the public welfare dimension. The ultimate measure of efficiency in Islamic economics is *maslahat*. This means that fiscal policy must generate tangible public benefits, maintain social balance, strengthen public trust in the state, and protect society from harm. In this dimension, the state budget is considered efficient if it can transform limited fiscal resources into broad and sustainable socio-economic benefits.

Implications for the Management of Indonesia's State Budget

There is a need to change the way the efficiency of Indonesia's State Budget is evaluated. The government must not merely report the amount of budget savings but must also explain the quality of those savings. Every efficiency policy must be accompanied by an analysis of social impacts, distributional impacts, and productivity impacts. Thus, the success of efficiency is not merely measured by the nominal reduction in spending but by the state's ability to maintain basic services, protect vulnerable communities, and strengthen the economic capacity of the people. In practice, improving the efficiency of the State Budget must begin with a more precise mapping of expenditures. Expenditures can be classified into three categories. First, wasteful spending that lacks clear public benefits and

should therefore be cut. Second, administrative spending that remains necessary to maintain government functions but requires rationalization. Third, strategic spending related to social protection, education, health, basic infrastructure, and community productivity, which must not be mechanically cut. This classification is crucial to ensure that efficiency does not devolve into a uniform, impact-blind cutting policy.

State revenue policies must also be evaluated against Ibn Khaldun's principles. When the state requires additional revenue, the government must ensure that tax policies do not undermine the business sector, farmers, workers, and small-scale economic actors. Increasing state revenue in a way that undermines production incentives will only create new fiscal problems. In the short term, the state may gain additional revenue; but in the long term, the economic foundation of society may weaken, and state revenue will decline accordingly. On the expenditure side, Abu Yusuf's principle demands that efficiency be directed at state waste, not at the rights of the people. Expenditures oriented toward elite facilities, ceremonial activities, symbolic programs, and expenditures lacking public benefit must be the primary targets of efficiency. Conversely, spending that safeguards the basic livelihoods of the people must be protected. Thus, the efficiency of the state budget must move beyond mere instructions for cuts toward a reform of spending quality.

CONCLUSION

This study demonstrates that the concept of state budget efficiency in the thought of Ibn Khaldun and Abu Yusuf is not synonymous with mere spending cuts. Ibn Khaldun emphasizes that fiscal efficiency must maintain a balance between taxes, societal productivity, and state stability, as excessive taxation can weaken economic incentives, narrow the production base, and reduce state revenue. Meanwhile, Abu Yusuf asserts that budget efficiency must be grounded in justice, trustworthiness, and the protection of the people from fiscal injustice; thus, state revenue must not be used for the self-serving interests of the ruling elite but must be returned to the people in the form of public welfare.

In the context of Indonesia's State Budget (APBN), the ideas of these two figures are relevant for assessing budget efficiency in a more substantive manner. State budget efficiency cannot be measured solely by the amount of budget savings, but by the quality of those savings: whether they maintain basic services, protect vulnerable groups, strengthen economic productivity, and improve the distribution of welfare. Therefore, this study offers a framework for evaluating state budget efficiency based on Islamic economics, grounded in justice, productivity, trustworthiness,

and the public good. The limitation of this study lies in its conceptual-literature-based nature; thus, further research is recommended to empirically test this model in specific budget sectors, such as social protection, education, health, basic infrastructure, and community economic empowerment.

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