

**LEGAL POLITICS OF STATE FINANCIAL EFFICIENCY IN PRESIDENTIAL
INSTRUCTION NUMBER 1 OF 2025 SIYASAH *MALIAH PERSPECTIVE***

THESIS

By :

NADIYA

NIM. 220203110038



CONSTITUTIONAL LAW STUDY PROGRAM (*SIYASAH*)

FACULTY OF SHARIA

MAULANA MALIK IBRAHIM STATE ISLAMIC UNIVERSITY MALANG

2025

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2025

THESIS AUTHENTICITY STATEMENT

By Allah SWT,

With awareness and a sense of responsibility for scientific development, the author states that the thesis with the title:

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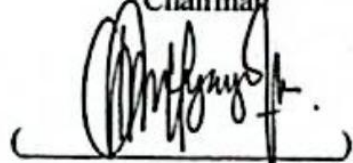
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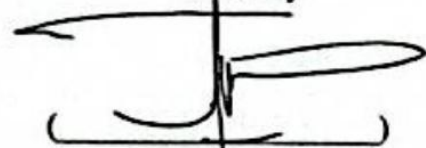
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MOTTO

وَأَتِ ذَا الْقُوَاتِ ذَا الْقُرْبَىٰ حَقَّهُ وَالْمِسْكِينَ وَابْنَ السَّبِيلِ وَلَا تُبَذِّرْ تَبْذِيرًا ﴿٢٦﴾ إِنَّ الْمُبَذِّرِينَ كَانُوا إِخْوَانَ

الشَّيَاطِينِ وَكَانَ الشَّيْطَانُ لِرَبِّهِ كَفُورًا.

"And give his rights to his near relatives, as well as to the poor and the traveling; And do not squander (your wealth) extravagantly. Indeed, the extravagant are the brothers of Satan, and the devil is very disobedient to his Lord."

(QS. Al-Isra': 26–27)

Salus populi suprema lex esto

The welfare of the people is the supreme law

FOREWORD

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Alhamdulillah, the author conveys the presence of Allah SWT who has bestowed His grace, taufiq, and inayah so that the thesis entitled "**LEGAL POLITICS OF STATE FINANCIAL EFFICIENCY IN PRESIDENTIAL INSTRUCTION NUMBER 1 OF 2025 PERSPECTIVE SIYASAH MALIYAH**" can be completed properly. The preparation of this thesis was shown to meet one of the requirements to obtain a Bachelor of Law degree in the Constitutional Law Study Program (Siyasah) of the State Islamic University of Maulana Malik Ibrahim Malang.

In completing the study and writing of this thesis, the author received a lot of help both teaching, guidance and direction from various parties both directly and indirectly. For this reason, the author expresses his infinite appreciation and gratitude to:

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3. Dr. Musleh Herry, S.H., M.Hum., as the Head of the Constitutional Law Study Program of the State Islamic University of Maulana Malik Ibrahim Malang.
4. Yayuk Whindari, S.H., M.H., LL.M., as the Supervisor who has taken time in the midst of his busy life, provides criticism, advice and direction to the author in the process of writing this thesis, as well as patiently facing the author in the process of preparing this thesis

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8. To my beloved parents, Saepudin and Kacih, this simple work is presented by the author with love and gratitude to my father and mother who never tire of expressing affection, prayers, advice, and support in every step of the writer's life journey. Thank you for all the sacrifices, patience, and sincerity that have been given so that the author can stand at this point. Hopefully this work will be a small step that can bring happy smiles and pride in the hearts of fathers and mothers.
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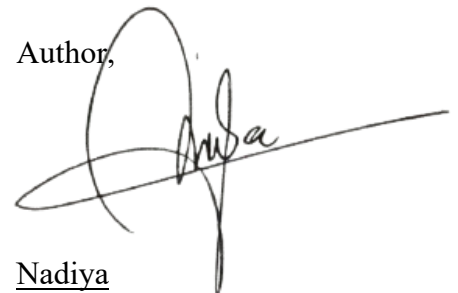
10. Dear writers, residents of Rumah Sakinah, Fakhira, Dauli, and Ismi, thank you for your togetherness, support, and enthusiasm that always strengthens until this work is completed.

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May Allah SWT repay all the kindness, prayers, and support that have been given by the authors, mothers, and brothers and sisters with the abundance of His grace and affection. The author realizes that this work is still far from perfect, both in substance, presentation, and technical writing, due to the limitations of his abilities. Therefore, the author humbly opens himself to constructive criticism and suggestions for the improvement of this work in the future. The author hopes that this thesis can provide benefits to various people in need.

Malang, December 4, 2025

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TRANSLITERATION GUIDELINES

A. General

Transliteration is the process of activating Arabic letters into Latin letters according to the rules of Indonesian writing, not the translation of meaning from Arabic to Indonesian. This category includes the writing of Arabic names of Arab nations, while for Arabic names of non-Arab origins, the writing is adjusted to the spelling of the respective national language or follows the form listed in the reference sources. In writing book titles, both in footnotes and bibliographies, this transliteration rule is still used consistently.

There are various national transliteration systems and guidelines that can be applied in writing scientific papers, both international standards, publishers, and special provisions set by certain standards. The Faculty of Sharia of the State Islamic University of Maulana Malik Ibrahim Malang implements the EYD Plus system, which is transliteration guided by the Joint Decree (SKB) of the Minister of Religion and the Minister of Education and Culture of the Republic of Indonesia dated January 22, 1988, Number 158/1987 and 0543.B/U/1987. This provision refers to the guidelines listed in the book *A Guide to Arabic Transliteration* published by INIS Fellow, in 1992.

B. Konsonan

The list of Arabic letters and their transliteration into Latin can be seen on the following page:

Arabic Letters	Name	Latin Letters	Name
ا	Alif	Not denoted	Not denoted
ب	Go	B	Be
ط	Plot	T	The

ث	Sùa	š	Ice (with the point above)
ج	Jim	J	I
ح	Ḥa	ḥ	Ha (with a dot below)
خ	Kha	Kh	Ka and Ha
د	From	D	From
ذ	Ẓal	ẓ	Zet (with the above dot)
ر	Ra	R	Er
ز	Will	Z	Move
س	However,	S	It is
ش	By reason	And	It's dan already
ص	Ṣad	ṣ	Ice (with the dot below)
ض	Ḍad	ḍ	De (with the dot below)
ط	Ṭa	ṭ	Te (with a dot below)
ظ	Za	ẓ	Zet (with the dots below)
ع	‘ ain	‘	Inverted apostrophe
غ	Gain	G	Ge
ف	Does	F	Ef
ق	Sylvia	Q	Qi
ك	Cafe	K	That
ل	Lam	L	The
م	Me	M	In
ن	Well	N	In
و	Wau	W	We
ه	It has	H	It has

ء	Hamzah	'	Apostrophe
ي	Ya	And	Ya

C. Vowels

Arabic vowels, like Indonesian vowels, consist of single or monophthongs and double vowels or diphthongs. Arabic singular vowels whose symbol is in the form of a sign or harakat, the transliteration is as follows:

Signs	Name	Latin Letters	Name
َ	Fathah	A	A
ِ	Kasrah	I	I
ُ	Dhammah	U	U

Arabic double vowels p whose symbol is a combination of harakat and letters, the transliteration is in the form of a combination of letters, namely:

Signs	Name	Latin Letters	Name
َ ي	Fathah and Yes	Ai	A and I
َ و	Fathah and Wau	At	A and U

Example:

كَيْفَ : Kaifa

حَوْلَ : Haula

D. Maddah

Maddah or long vowels whose symbols are in the form of harkat and letters, the transliteration is in the form of letters and signs, namely:

Dignity and Letters	Name	Dignity and Marks	Name
---------------------	------	-------------------	------

اَ / اِ ي	<i>Fathah and alif or yes</i>	Ā	a and the line above
اِ ي	<i>Kasrah and yes</i>	Ī	i and the line above
اُ و	<i>Dhammah and wau</i>	Ū	U and the line above

Example:

مَاتَ : māta

رَمَى : ramā

قِيلَ : qīla

يَمُوتُ : yamūtu

E. Ta'Marbutha

There are two transliterations for ta marbūṭah, among others: ta marbūṭah lives or attains harakat fathah, ḍammah and kasrah, transliterated to [t]. While ta marbūṭah who dies or is given harakat breadfruit, xv is transliterated with [h]. If a word ends in ta marbūṭah followed by the verb al- and the two words are read separately, so that ta marbūṭah is transliterated to ha (h). For example:

رَوْضَةُ الْأَطْفَالِ : *raudah al-atfāl*

الْمَدِينَةُ الْفَاضِلَةُ : *al-madinah al-fādīlah*

الْحِكْمَةُ : *al-hikmah*

F. Syaddah (Tasydid)

Syaddah or tasydid which in the Arabic writing system is denoted by a sign tasydid (ّ), in this transliteration it is denoted by the repetition of letters (double consonants) which are marked with the sign of syaddah.

For example:

رَبَّنَا : *rabbānā*

نَجَّيْنَا : *najjainā*

الْحَقُّ : *al-haqq*

الْحَجَّ : *al-hajj*

عَدُوَّ : *aduwwun*

If ʾ is tasydid at the end of a word and is preceded by the letter kasrah (ĥ), then it is transliterated like the maddah letter (Ī).

For example:

عَرَبِيّ : ' Arabī (bukan 'Arabiyy atau 'Araby)

عَلِيّ : ' Alī (bukan 'Aliyy atau 'Aly)

G. Sanding Words

The adjective in the Arabic writing system is denoted by the letter (*alif lam ma'arifah*). In this transliteration guideline, the word *genang* is transliterated as usual, *al-*, both when it is followed by the letter *shamsiah* and the letter *qamariah*. The verb does not follow the sound of the direct letter that follows it. The verb is written separately from the word that follows it and is connected by a horizontal line (-).

For example:

الشَّمْسُ : *al-syamsu* (bukan *asy-syamsu*)

الزَّلْزَلَةُ : *al-zalزالah* (bukan *az-zalزالah*)

الْفَلْسَفَةُ : *al-falsafah*

الْبِلَادُ : *al-bilādu*

H. Hamzah

The rule of transliterating the letters *hamzah* into an apostrophe (') only applies to *hamzah* located in the middle and at the end of the word. However, if *hamzah* is

located at the beginning of the word, it is not symbolized, because in Arabic writing it is in the form of alif.

For example:

تَأْمُرُونَا : *ta 'murūnā*

النَّوْءُ : *nau-al*

أُمِرْتُ : *umirtu*

I. Writing Arabic Words Commonly Used in Indonesian

Arabic words, terms or sentences that are transliterated are words, terms or sentences that have not been standardized in Indonesian. Words, terms or sentences that are common and part of the Indonesian xvii language, or have often been written in Indonesian script, are no longer written according to the above transliteration method. For example, the word Al-Qur'an (from the Qur'an), Sunnah, specific and general. However, if these words are part of a series of Arabic texts, then they must be transliterated in their entirety. Example:

Fī ṣilāl al-Qur'ān

Al-Sunnah qabl al-tadwīn

Al-'Ibārāt Fī 'Umūm al-Lafẓ lā bi khuṣūṣ al-sabab

J. Lafẓ Al-Jalālah (الله)

The word "Allah" is preceded by particles such as jarr and other letters or positioned as muḍāf ilaih (nominal phrase), transliterated without the letter hamzah. For example:

دِينُ اللَّهِ : *dīnullah*

As for ta marbūtah at the end of the word which is based on the word aljalālāh, it is transliterated with the letter [t]. For example:

فِي رَحْمَةِ اللَّهِ : *fī rahmatillah*

K. Capital Letters

Although in the Arabic writing system there is no concept of capital letters (All Caps), in the process of transliteration into Indonesian, the letters follow the rules for the use of capital letters in accordance with the general guidelines of Indonesian Spelling (EYD). The use of capital letters is applied, for example, to the first letter of one's name (such as the name of a person, place, or month), as well as the initial letter of each sentence. If the personal name begins with the adjective "al-", then the capital letter is still the first letter of the pronoun, not the first letter of the pronoun. However, if the verb "al-" is at the beginning of a sentence, then the letter "A" in the word is capitalized as "Al-". This rule also applies to the writing of reference titles that use the verb "al-", both in the main text and in bibliographies or reference notes such as CK, DP, CDK, and DR. For example:

Wa mā Muḥammadun illā rasul

Syahru Ramaḍān al-laẓī unzila fīh al-Qur'ān

Naṣīr al-Dīn al-Ṭūs

Inna awwala baitin wuḍi'a linnāsi lallaẓī bi bakkata mubārakan

Abū Naṣr al-Farābī

Al- Munqiz min al-Ḍalāl

Al- Gazāl

TABLE OF CONTENTS

THESIS AUTHENTICITY STATEMENT	i
CONSENT PAGE.....	ii
CONFIRMATION PAGE iii.....	
PROOF OF CONSULTATION	iv
MOTTO.....	v
FOREWORD	vi
TRANSLITERATION GUIDELINES.....	vii
TABLE OF CONTENTS.....	XVI
TABLE LIST	xix
ABSTRACT	xxi
ABSTRACT	xxii
Conclusion	xxiii
CHAPTER I.....	1
INTRODUCTION	1
A. Background	1
B. Problem Formulation	6
C. Research Objectives.....	7
D. Research Benefits	7
1. Theoretical Benefits.....	7
2. Practical Benefits.....	7
E. Research Methods.....	8
1. Types of Research.....	9
2. Research Approach.....	9

3. Legal Sources.....	11
4. Legal Material Collection Techniques.....	13
5. Legal Material Analysis.....	13
F. Previous Research.....	13
G. Discussion Statistics.....	23
CHAPTER II.....	25
LITERATURE REVIEW.....	25
A. Legal Political Theory.....	25
1. Definition of Legal Politics.....	25
2. Legal Political Objects.....	27
3. Political and Legal Relations.....	28
4. Dimensions of Political Studies, Law and Legislation.....	29
5. The Politics of Indonesian Financial Law.....	32
B. Theory <i>Siyasah Maliyah</i>	33
1. Understanding the Meaning of <i>Siyasah Maliyah</i>	33
2. The Legal Basis of <i>Siyasah Maliyah</i>	36
3. Scope of <i>Siyasah Maliyah</i>	37
4. Abdul Wahhab Khallaf's view on <i>Siyasah Maliyah</i>	39
CHAPTER III.....	41
DISCUSSION.....	41
A. Legal Politics of State Financial Efficiency Policy in Presidential Instruction Number 1 of 2025.....	41
1. Global and National Economic-Political Conditions Ahead of the 2025 Fiscal Year.....	42

2. Leadership Transition and Priority Agenda of the New Government's Fiscal Policy.....	46
3. Juridical Basis and Substance of Presidential Instruction Regulation Number 1 of 2025.....	51
B. <i>Siyasah Maliyah's Review</i> of Budget Efficiency Policy in Presidential Instruction Number 1 of 2025.....	66
1. Correlation of Efficiency Value with the <i>Siyasah Maliyah Principle</i> on State Financial Efficiency Policy.....	66
2. <i>Siyasah Maliyah's Analysis</i> of the Budget Efficiency Policy of Presidential Instruction Number 1 of 2025 Abdul Wahab Khallaf's Perspective	69
3. The Idea of a Solution <i>to the Design of the Constituendum Budget</i> Efficiency Policy Presidential Instruction Number 1 of 2025 is based on the principle of <i>siyasah Maliyah</i>	74
CHAPTER IV.....	79
WRAPPING UP.....	79
A. Conclusion.....	79
B. Suggestions.....	79
BIBLIOGRAPHY.....	81
BIOGRAPHY OF THE	
AUTHOR.....	91

TABLE LIST

Table 1	18
Table 2	48
Table 3	64

IMAGE LIST

Figure 1.....	34
Figure 2.....	46

ABSTRAK

Nadiya, 220203110038, 2025., “Politik Hukum Efisiensi Keuangan Negara Dalam Instruksi Presiden Nomor 1 Tahun 2025 Perspektif *Siyasah Maliyah*”, Skripsi. Hukum Tata Negara, Fakultas Syariah, Universitas Islam Negeri Maulana Malik Ibrahim Malang. Pembimbing : Yayuk Whindari, S.H., M.H., LL.M

Kata Kunci : Efisiensi Keuangan, Instruksi Presiden, Politik Hukum, *Siyasah Maliyah*

Pada awal tahun 2025, pemerintah Indonesia menetapkan kebijakan efisiensi pengelolaan keuangan negara sebagai respons atas tekanan fiskal melalui Instruksi Presiden Nomor 1 Tahun 2025. Kebijakan tersebut berdampak pada pengurangan belanja negara yang berpotensi mempengaruhi strategi sektor-sektor, seperti pendidikan, kesehatan, dan infrastruktur, sehingga menimbulkan masalah hukum dan tata kelola keuangan negara. Penelitian ini membahas : 1) Politik Hukum Efisiensi Keuangan Negara Dalam Instruksi Presiden Nomor 1 Tahun 2025 2) Tinjauan *Siyasah Maliyah* terhadap Efisiensi Keuangan Negara Dalam Instruksi Presiden Nomor 1 Tahun 2025.

Jenis penelitian ini adalah yuridis normatif dengan 2 pendekatan yaitu *statue approach* dan *conceptual approach*. Bahan hukum yang digunakan meliputi peraturan-perundang-undangan (*primer*), buku dan jurnal (*sekunder*), serta kamus hukum dan informasi internet (*tersier*), diolah dengan metode analisis *yuridis kualitatif*.

Hasil dan temuan antara lain : 1) Penelitian ini menemukan bahwa Politik hukum kebijakan efisiensi keuangan negara dalam Instruksi Presiden Nomor 1 Tahun 2025 diarahkan pada pengendalian belanja negara untuk menjaga stabilitas fiskal melalui penggunaan instrumen administrasi presiden tanpa mekanisme perubahan APBN bersama DPR. Kebijakan ini mencerminkan pendekatan sentralistik dan eksekutif-sentris yang berimplikasi pada melemahnya fungsi pengawasan legislatif serta menimbulkan persoalan legitimasi konstitusional dalam pengelolaan keuangan negara. 2) Dari perspektif *Siyasah Maliyah* , kebijakan efisiensi anggaran dalam Instruksi Presiden Nomor 1 Tahun 2025 secara normatif sejalan dengan prinsip larangan pemborosan (*anti-isrāf*), namun implementasinya belum sepenuhnya memenuhi prinsip keadilan distributif, transparansi, akuntabilitas, dan kemaslahatan sebagaimana ditekankan dalam pemikiran Abdul Wahab Khallaf. Oleh karena itu, kebijakan efisiensi tersebut masih memerlukan penataan ulang agar selaras dengan prinsip pengelolaan keuangan negara yang adil, konstitusional, dan bertanggung jawab.

ABSTRACT

Nadiya, 220203110038, 2025., "Legal Politics of State Financial Efficiency in Presidential Instruction Number 1 of 2025 *Siyasah Maliyah Perspective*", Thesis. Constitutional Law, Faculty of Sharia, Maulana Malik Ibrahim State Islamic University Malang. Supervisor : Yayuk Whindari, S.H., M.H., LL.M

Keywords: Financial Efficiency, Legal Politics, *Maliyah Siyasah*, Presidential Instruction

At the beginning of 2025, Indonesia's economic conditions presented quite serious challenges and encouraged the need for a more targeted fiscal policy. The policy of efficiency in state budget management in Indonesia has been enacted following the passage of the provisions of Presidential Instruction (Inpres) Number 1 of 2025. Budget cuts, on the other hand, can affect important sectors such as education, health, and infrastructure. This study discusses: 1) The Legal Politics of State Financial Efficiency in Presidential Instruction Number 1 of 2025 2) *Siyasah Maliyah*'s Review of State Financial Efficiency in Presidential Instruction Number 1 of 2025.

This type of research is normative juridical with two approaches, namely the statute approach and the conceptual approach. The legal materials used include regulations (primary), books and journals (secondary), as well as legal dictionaries and internet information (tertiary), processed by qualitative juridical analysis methods.

The results and findings include: 1) The legal politics of the financial efficiency policy in Presidential Instruction No. 1 of 2025 is directed at controlling state spending to maintain fiscal stability through the use of presidential administrative instruments without the mechanism of State Budget (APBN) amendments with the House of Representatives (DPR). This policy reflects a centralized and executive-centric approach, implying a weakening of the legislative oversight function and raising constitutional legitimacy issues in state financial management. 2) From the perspective of *Siyasah Maliyah*, the budget efficiency policy in Presidential Instruction No. 1 of 2025 is normatively in line with the principle of prohibiting waste (*anti-isrāf*). However, its implementation has not fully met the principles of distributive justice, transparency, accountability, and public welfare (*maslahah*) as emphasized in the thought of Abdul Wahab Khallaf. Therefore, the efficiency policy requires restructuring to align with the principles of fair, constitutional, and accountable state financial management.

خلاصة

نادية، ٢٠٢٥، ٢٢٠٢٠٣١١٠٠٣٨، "السياسة القانونية للكفاءة المالية للدولة في التعليم: دراسة في المرسوم الرئاسي رقم ١ لعام ٢٠٢٥ من منظور السياسة المالية"، أطروحة. القانون الدستوري، كلية الشريعة، جامعة مولانا مالك إبراهيم الإسلامية الحكومية بمالانج. المشرف: يايوك وينداری، الحاصلة على الإجازة في القانون، والماجستير في القانون.

الكلمات المفتاحية: الكفاءة المالية، التعليم الرئاسي، السياسة القانونية، ماليا سياسا

في مطلع عام ٢٠٢٥، أقرت الحكومة الإندونيسية سياسة كفاءة إدارة المالية الدولة كاستجابة للضغوط المالية من خلال التعليمات الرئاسية رقم ١ لسنة ٢٠٢٥. وأدت هذه السياسة إلى خفض الإنفاق الحكومي الذي قد يؤثر على القطاعات الاستراتيجية مثل التعليم والصحة والبنية التحتية، مما أثار قضايا قانونية وإدارية. يتناول هذا البحث: (١) السياسة القانونية لكفاءة المالية الدولة في التعليمات الرئاسية رقم ١ لسنة ٢٠٢٥؛ (٢) منظور السياسة المالية تجاه كفاءة المالية الدولة في التعليمات الرئاسية رقم ١ لسنة ٢٠٢٥.

هذا النوع من البحث هو قانوني معياري بمنهجين، وهما منهج النهج النصي و النهج المفاهيمي. تشمل المواد القانونية المستخدمة اللوائح (الأولية)، والكتب والمجلات (الثانوية)، بالإضافة إلى القواميس القانونية والمعلومات على الإنترنت (الثالثية)، التي تعالج بواسطة طرق التحليل القضائي النوعي.

تشمل النتائج والنتائج: (١) إن السياسة القانونية لكفاءة المالية في التعليمات الرئاسية رقم ١ لسنة ٢٠٢٥ موجهة نحو ضبط الإنفاق العام للحفاظ على الاستقرار المالي من خلال استخدام الأدوات الإدارية الرئاسية دون اللجوء إلى آلية تعديل الموازنة العامة (APBN) مع البرلمان. تعكس هذه السياسة نهجاً مركزياً يركز على السلطة التنفيذية، مما يؤدي إلى إضعاف الدور الرقابي للسلطة التشريعية ويثير تساؤلات حول الشرعية الدستورية في إدارة المالية (٢) من منظور السياسة المالية، فإن سياسة كفاءة الموازنة تتماشى معيارياً مع مبدأ النهي عن الإسراف. ومع ذلك، فإن تنفيذها لم يستوف بشكل كامل مبادئ العدالة التوزيعية، والشفافية، والمساءلة، والمصلحة العامة كما أكد عليها عبد الوهاب خلاف. ولذلك، لا تزال سياسة الكفاءة بحاجة إلى إعادة تنظيم لتتوافق مع مبادئ إدارة المالية الدولة العادلة والدستورية والمسؤولة.

CHAPTER I

INTRODUCTION

A. Background

Indonesia is a country based on the law (*rechstaat*) as stipulated in Article 1 paragraph (3) of the Constitution of the Republic of Indonesia in 1945.¹ As a state of law, every policy and action of state administration must be based on the principles of justice, certainty, and the usefulness of the law. One of the tangible forms of this principle is efficient, transparent, and accountable state financial management in order to realize the welfare of the people as the purpose of the state in the Preamble to the 1945 Constitution. State finance is the main instrument that determines the direction and becomes the foundation of the sustainability of the government.²

Based on Article 23 of the 1945 Constitution of the Republic of Indonesia, it is stipulated that the state revenue and expenditure budget is determined every year by law and is carried out openly and responsibly for the maximum welfare of the people.³ These constitutional provisions are operationalized through a number of juridical norms, including Law Number 17 of 2003 concerning State Finance,⁴ Law Number 1 of 2004 concerning the State Treasury,⁵ and Law Number 15 of 2004 concerning the Audit of State Financial Management and Responsibility,⁶ which together emphasizes the fiscal basis relating to revenue and accountability. Therefore, any policy of controlling or reallocating the budget must read the framework of the norm so that the effect of the

¹ Article 1 paragraph (3) of the Constitution of the Republic of Indonesia in 1945.

² P. D. Sipayung, *"Budget Law: The Pillars of State Finance with Justice"* (Yogyakarta: Pt. Nawala Gama Education, 2025), 13.

³ Article 23 of the Constitution of the Republic of Indonesia in 1945.

⁴ Article 3 of Law No. 17 of 2003 concerning *State Finance*, Statute Book of the Republic of Indonesia No. 47 of 2003, Supplement to Statute Book of the Republic of Indonesia No. 4286.

⁵ Article 4 paragraph (1) of Law No. 1 of 2004 concerning *the State Treasury*, Statute Book of the Republic of Indonesia No. 5 of 2004, Supplement to Statute Book of the Republic of Indonesia No. 4355.

⁶ Article 2 of Law No. 15 of 2004 concerning *the Audit of State Financial Management and Responsibility*, Statute Book of the Republic of Indonesia No. 66 of 2004, Supplement to Statute Book of the Republic of Indonesia No. 4400.

policy remains consistent with the constitutional objectives. In addition to Article 23, the 1945 Constitution also contains important provisions in Article 23A which affirm that taxes and other coercive levies can only be regulated by law.⁷ This emphasizes that state finance is a manifestation of people's sovereignty because it is sourced from the mandatory contribution of the community, so that every efficiency policy must be accounted for fairly and transparently.⁸

At the beginning of 2025, Indonesia's economic conditions present quite serious challenges and encourage the need for more targeted fiscal policies. The budget deficit has the potential to increase, the debt burden is increasing, and global pressures in the form of commodity price announcements, inflation, and a slowdown in the world economy add to fiscal vulnerability. On the other hand, the need for development financing is very urgent, especially for the education, health, infrastructure strategies, and social protection programs. This situation poses a fiscal dilemma that is not simple, how the state can meet the growing public financing needs without widening the deficit and without sacrificing macroeconomic stability.⁹

If reviewed in a regulatory manner, the policy of efficiency in the management of the State Budget in Indonesia has been determined after the ratification of Presidential Instruction (Inpres) Number 1 of 2025 related to Expenditure Efficiency in the Implementation of the State Revenue and Expenditure Budget together with the Regional Expenditure Budget for the 2025 Fiscal Year. This regulation underlines the commitment to increase the budget framework to meet the target of Rp.

⁷ Article 23A of the Constitution of the Republic of Indonesia in 1945.

⁸ J. Z. Hafizd, Yadi Janwari, and Sofian Al-Hakim, "Fiscal Policy in Indonesia: An Analysis of Economic Justice Law and Its Implications for Sustainable Development," *Iqtishod: Journal of Sharia Economic Thought and Law* 3, no. 2 (2024): 147, <https://doi.org/10.69768/Ji.V3i2.58>

⁹ Nidya Waras Sayekti and Anugrah Juwita Sari, "Indonesia's Economic Challenges and Opportunities 2025 in the Midst of Weakening Household Consumption," *Brief Info: Economic, Finance, Industry, and Development* (Jakarta: Center for Parliamentary Analysis, House of Representatives Expertise Agency, 2024), 17.

306,695,177,420,000.00 (Three hundred and six trillion six hundred ninety-five billion one hundred and seventy seven million four hundred and twenty thousand rupiah). The achievement of this budget is facilitated through a reduction in allocations to ministries and agencies, as well as adjustments to the Regional Expenditure Budget (APBD) and transfers to regional entities in the State Budget for 2025.¹⁰

This policy was chosen considering that the government is experiencing difficulties in balancing potential revenue with state spending priorities in supporting sustainable development, plus based on data from the Center for Parliamentary Analysis of the Expertise Body of the Secretary General of the House of Representatives of the Republic of Indonesia shows that the actualization of the budget at the central and regional government levels has not reached an optimal level in 2023. The realization of expenditure in the central government was only Rp 1,662.38 trillion or around 74%, while the realization of local government expenditure was Rp 820.71 trillion or around 64%. According to Indonesia's Center for Economic Reform (CORE), the realization of protracted spending at both levels of government can be attributed to slow budget implementation and inadequate planning.¹¹

The results of a survey by IPO stated that around 71% of the public support Prabowo's budget efficiency policy.¹² By reducing spending posts that are considered less urgent, the government can reallocate funds to sectors that directly benefit the people (e.g. health, education, social assistance). Many parties agree that there are regional expenditures that can be rationalized ceremonial, meetings, printing, souvenirs,

¹⁰ Presidential Instruction (Inpres) Number 1 of 2025 concerning Expenditure Efficiency in the Implementation of the State Revenue and Expenditure Budget and the Regional Expenditure Revenue Budget for the 2025 Fiscal Year.

¹¹ Eka Budiyantri, "Low Government Budget Realization Towards the End of 2023," Issue of the Week in the Equities Field of Commission XI of the House of Representatives of the Republic of Indonesia, 9.

¹² Sinpo.Id. (2025, June 1). IPO Survey: 71 Percent of the Public Support Prabowo's Budget Efficiency Policy . Accessed from <https://sinpo.id>

etc. that have historically been considered potentially wasteful. The government said that efficiency is not just about cutting, but also to strengthen transparency and accountability in the management of state finances.

However, this policy has also drawn rejection from various circles. Students from various universities held a demonstration of "Dark Indonesia" on February 17-19, 2025, demanding the revocation of Presidential Instruction No. 1 of 2025 because it was considered detrimental to the education sector.¹³ Social media analysis showed significant rejection sentiment, with the criticism video on TikTok garnering more than 2.1 million views.¹⁴ The main criticism is that the cuts to the education budget are contrary to the formation of fat cabinets and priority programs that are not reviewed.¹⁵ These pros and cons dynamics show the need for an in-depth evaluation of the implementation of budget efficiency policies.

Budget cuts on the other hand could affect critical sectors such as health and infrastructure. There are concerns that public services could be disrupted. Although there have been budget cuts, many parties said that it is not clear exactly where the funds that have been cut will be diverted. The community and *stakeholders* want a clear mechanism so that there is no leakage of the budget that is cut just for "program transfer" without supervision. There are concerns that budget cuts in ministries/agencies and transfers to the regions will reduce the "money circulation" in the regions, thus suppressing local economic growth or affecting regional projects. Some economists called the cuts "brutal" because they allegedly lacked careful preparation so that their

¹³ Detik.com, "'Dark Indonesia' Action: Students in Various Regions Demand the Revocation of Presidential Instruction No. 1/2025," February 18, 2025, accessed December 14, 2025. <https://www.detik.com/edu/perguruan-tinggi/d-7783771/aksi-demo-mahasiswa-indonesia-gelap-trending-apa-itu-ini-tuntutannya>

¹⁴ Call Me P3680, "Presidential Instruction No. 1 of 2025: Community Response," *Kompasiana*, accessed December 14, 2025, <https://www.kompasiana.com/panggilsayap3680/67c1395fed64156dbd633f74/inpres-no-1-tahun-2025-respon-masyarakat>

¹⁵ "Budget Effectiveness," *KRDFH Undip – Research Corner*, accessed December 15, 2025, <https://www.krdfhundip.site/research-corner-1-efektivitas-anggaran>

implementation could cause disruption to ongoing programs. Some of the allocation of efficiency results is planned to be diverted to programs such as MBG (Free Nutritious Meals), which while positive, there are concerns that the management is not ideal and that the new program requires adequate standards, mechanisms, and capacity to be effective.¹⁶

If budget efficiency is only understood as a technocratic step that is not accompanied by clear criteria and careful planning, then this policy will be considered a mere political instrument. In fact, within the framework of *das sollen*, efficiency should be implemented through simplification of bureaucracy, discretion in the number of ministries, and strengthening the principles of *good governance*. On the contrary, *das sein* shows that there is still a contradiction between the ideals of efficiency policies and political reality that actually expands the institutional structure, thus reflecting the insynchronization between the goals of efficiency and the implementation of government administration.¹⁷

Moh. Mahfud MD emphasized that law is basically a political product, which means that the substance of the law is often determined by the configuration of power that prevails at the time the law was formed.¹⁸ This perspective provides a critical analysis of the government's fiscal efficiency policy. The fact that there are exceptions for certain institutions from budget cuts, while other institutions have actually experienced significant reductions. The expected ones include the Supreme Court, the Financial Audit Agency, the Attorney General's Office, the Ministry of Defense, the

¹⁶ Muhammad Fajrin Pane, "Efficiency: Towards a Golden Gate with Limited Resources," *Munandar Pembangunan Indonesia (Ijmi)* 1, No. 2 (2025): 67, <https://mmipublisher.yayasanmmi.com/index.php/multidisciplinary>.

¹⁷ Wibowo, Ari, Asep Rochman Dimiyati, Hernawati Ras, and Eni Dasuki Suhardini. "The Dynamics of the Formation of the Red and White Cabinet in Realizing Good Governance: Cabinet Affairs Vs Pragmatic Cabinet." *Journal of Achievement* 1, No. 1 (2025): 52. <https://jurnal.prestasiku.org/index.php/jrh/article/view/4/9>

¹⁸ P. D. Yang, "The Legal Politics of the Relationship between the Village Head and the Village Consultative Body in the Law Governing Post-Reform Village Government" (Thesis, Islamic University of Indonesia, 2017), 26. <https://dspace.uui.ac.id/handle/123456789/9011>

National Police of the Republic of Indonesia, the National Narcotics Agency, the Financial and Development Supervisory Agency, the People's Consultative Assembly, the House of Representatives, the State Intelligence Agency, the Constitutional Court, and the Corruption Eradication Commission. In addition, the Ministry of Agriculture and the Coordinating Ministry for Political and Security Affairs are also included in the list of institutions that are not subject to budget cuts.¹⁹ This raises the question of whether such efficiency is really based on objective considerations or is influenced by certain political calculations.

It is at this point that it is important to strengthen the dimensions of values and morality in legal politics. In the Islamic tradition, state financial issues are not only seen as a fiscal technical aspect, but also as part of a leader's moral and spiritual responsibility. The concept of *siyasah maliyah* emphasizes that the management of public assets (*baitul mal*) must be carried out with full trust, fairness, and oriented towards the benefit of the people.²⁰ The state is not only obliged to suppress budget waste, but also ensures that every fiscal policy truly brings benefits and justice to all people.

This is in line with the rules of fiqh *siyasah tasarruful imam 'ala ra'iyah manutun bil maslahah* which teaches that every leader's policy must be based on the benefit of the people. This principle requires that the state budget be spent optimally, so that every expenditure really benefits the wider community.²¹

¹⁹ "Budget Cuts: What Are the Impacts When Bureaucratic Integrity Plummets," *Kompas.id*, accessed December 15, 2025, <https://www.kompas.id/artikel/pemangkasan-anggaran-apa-dampaknya-saat-integritas-birokrat-anjlok>

²⁰ Mustofa Hasan, "Application of Political Theory to the Perspective of Fiqh Principles", *Madania*, Vol. XVIII, No. 1, June 2014, 104.

²¹ Idrus, A. M. Policy "State Leaders in the Perspective of Fiqh Rules: Tasarruf Alimam Manutun Bil Maslahah" *Al-Daulah : Journal of Criminal Law and Constitutional Affairs*, 10(2), (2021) : 123-137. <https://doi.org/10.24252/Ad.V1i1.26278>

Based on the above explanation, the urgency to research **the Legal Politics of State Financial Efficiency in Presidential Instruction Number 1 of 2025** is becoming increasingly important, in order to reveal the extent to which this efficiency policy is really based on the values of justice, responsibility, and benefits, or is it actually a tool of political justification in the dress of fiscal morality.

B. Problem Formulation

1. What is the legal politics of the country's financial efficiency policy based on Presidential Instruction Number 1 of 2025?
2. How is *Siyasah Maliyah's* review of budget efficiency policies based on Presidential Instruction Number 1 of 2025?

C. Research Objectives

1. To describe and analyze the legal politics of state financial efficiency policies based on Presidential Instruction Number 1 of 2025
2. To describe and analyze *Siyasah Maliyah's* review of budget efficiency policies based on Presidential Instruction Number 1 of 2025

D. Research Benefits

1. Theoretically benefits

- a. Providing benefits for the development of legal science in general and constitutional law in particular.
- b. It becomes a reference or reference for students and the wider community in adding insight and knowledge in the field of law and can be used as a comparison material for future researchers

- c. For the world of education, especially the sharia faculty, it can be used as useful reference material to add insight and knowledge about legal issues, especially regarding the legal politics of state financial efficiency in Presidential Instruction Number 1 of 2025 from the perspective of *Siyasah Maliyah*.

2. Practical benefits

- a. The results of the research are expected to be a contribution of thought for legal practitioners
- b. It becomes a reference material for state administrators, especially the central government

E. Conceptual Definition

1. Legal Politics

According to Mahfud MD, legal politics is *legal policy* or official lines (policies) about the law that will be enforced both by making new laws and by replacing old ones, in order to achieve the goals of the State.²²

2. Financial Efficiency

According to Mulyadi, efficiency is a precise way. The way in question is an effort or work to carry out something. However, without having to waste energy, time and money. Efficiency also means the ratio between input and output or cost and profit.²³

3. Presidential Instruction

Presidential Instruction is a regulation issued by the president regarding the implementation of a presidential decree that contains technical and special rules for

²² The Great Dictionary of Indonesian, <https://Kbbi.Web.Id/Izin>

²³ Ranny An Nisaa Syabrina, *Effectiveness and Efficiency of Communication in the Implementation of the 2017 Gresik Damar Kurung Festival: 4*. (Thesis, Airlangga University)

certain officials to implement a policy or decision of the President, and is final and not repeatable.²⁴

4. *Siyasah Maliyah*

Siyasah Maliyah is part of the Islamic system of government that deals with the management of state finances, including the regulation of sources of income and the determination of the allocation of state expenditure. This concept places public property (*baitul mall*) as a mandate that must be managed fairly, transparently, and oriented towards the benefit of the people.²⁵

F. Research Methods

Research methods are systematic procedures or steps taken to collect, analyze, and interpret information or data in order to answer research questions, test hypotheses²⁶, or achieve specific goals. The purpose of research is to acquire new knowledge, validate existing theories or concepts, or provide a better understanding of the phenomenon or problem being studied.²⁷ As for the methodology used in this research effort, which facilitates the researcher in pursuing results and conclusions, the researcher describes it as follows:

1. Types of Research

This research uses a type of normative legal research that focuses on written regulations or laws (*law in the books*) or research based on rules or norms that apply in society.²⁸ According to Soerjono Soekanto and Sri Mamuji, normative legal research, also referred to as library law research, involves legal investigations

²⁴ "Presidential Instruction & Presidential Decree," *Regional Office of the Ministry of Religious Affairs of Central Kalimantan*, accessed 1 May 2025, <https://Kalteng.Kemenag.Go.Id/Sukamara/Artikel/43426/Inpres-Amp%3b-Kepres>

²⁵ Syarifah Riyani, *Review of Fiqh Siyasah Maliyah in the Management of Special Autonomy Funds in Aceh Province* (Thesis, Uin Ar-Raniry, Faculty of Sharia and Law, 2024), 9.

²⁶ Dennis Patterson, *Interpretation In Law*, Departments Of Law And Phylosophy 1 (2003), 2.

²⁷ Suryana, *Textbook of Legal Research Methodology Lectures* (Bandung: University of Indonesia, 2010), 12

²⁸ Djulaeka, & Devi Rahayu, *Textbooks: Legal Research Methods* (Scopindo Media Pustaka, 2020), 79.

conducted through the supervision of library materials or secondary data.²⁹ Normative research can also be said to be a literature review research where most of the data sources are secondary data sources consisting of primary legal materials, secondary legal materials and tertiary legal materials. Most of the data comes from written laws or regulations that apply in society.³⁰

2. Research Approach

The research approaches used in this study are the statute *approach* and the *conceptual approach*

- a. *The statute approach* is carried out by examining laws and regulations related to the legal issues being studied.³¹ In this study, a review was conducted of Presidential Instruction Number 1 of 2025 concerning Budget Efficiency and the Letter of the Minister of Finance Number S-37/MK.02/2025, which discusses the Efficiency of Ministries/Institutions in the Implementation of the State Budget for the 2025 Fiscal Year, examined together with various provisions in the 1945 Constitution of the Republic of Indonesia, including Article 1 paragraph (3), Article 5 paragraph (2), Article 23 paragraph (1), and Article 23C, which regulates state finance, taxation, and natural resource management with the overall goal of improving the welfare of the community.
- b. *The conceptual approach* is related to the perspectives and legal doctrines that have developed in the scope of legal science.³² By analyzing legal concepts from various perspectives and doctrines that have emerged in legal science, researchers will explore the ideas that give rise to relevant legal concepts, legal

²⁹ Bachtiar, *Legal Research Methods* (Tangerang: Pamulang University, 2019), 56.

³⁰ Ahmad, A., Fachrurrazy, M., Amalia, M., Fauzi, E., Gaol, S. L., Siliwadi, D. N., & Takdir, T. (2024). *Textbook of Legal Research and Writing Methods*. Pt. Sonpedia Publishing Indonesia.

³¹ Peter Mahmud Marzuki, *Legal Research Revised Edition*, 134.

³² Peter Mahmud Marzuki, *Legal Research: Revised Edition* (Jakarta: Prenadamedia Group, 2019), 180.

principles, and legal doctrines related to the problem at hand. This understanding of perspectives and doctrines supports the author's capacity to build legal arguments while dealing with the issues presented.³³ Through this conceptualization approach method, the researcher tries to explore the idea of how the legal politics of state financial efficiency as stipulated in Presidential Instruction Number 1 of 2025 can be analyzed in the perspective of *the theory of Siyasaḥ Maliyah* which reveals the principle of benefits and fairness in the distribution of the state budget.

3. Source of Legal Materials

Normative legal research is the study of legal materials, both primary and secondary legal materials.³⁴ Legal materials are detailed in various levels, as follows:

a. Primary Legal Material

Legal materials in the form of legal provisions and binding legislation,³⁵ and related to this research, the legal provisions and regulations include:

- 1) Article 1 paragraph (3) of the 1945 Constitution of the Republic of Indonesia concerning the state of law.
- 2) Article 5 paragraph (2) of the 1945 Constitution of the Republic of Indonesia concerning the President's authority in setting regulations.
- 3) Article 23 paragraph (1) of the 1945 Constitution of the Republic of Indonesia concerning the obligations of the State Budget is stipulated every year by law.

³³ Zainal Asikin, Introduction to Legal Research Methods Revised Edition, (Jakarta: Raja Grafindo Persada, 2004), 197.

³⁴ Soerjono Soekanto and Sri Mamudji, Normative Law Research A Brief Review (Jakarta: Raja Grafindo, 1995), 13.

³⁵ Soerjono Soekanto and Sri Mamudji, Normative Law Research A Brief Review (Jakarta: Raja Grafindo, 1995), 13.

- 4) Article 23C of the 1945 Constitution of the Republic of Indonesia concerning taxes and levies for the benefit of the state.
- 5) Article 2 of Law Number 17 of 2003 concerning State Finance.
- 6) Article 1 of Law Number 1 of 2004 concerning the State Treasury.
- 7) Article 2 of Law Number 15 of 2004 concerning the Audit of State Financial Management and Responsibility.
- 8) Article 283 paragraph (1) of Law Number 23 of 2014 concerning Regional Government as amended by Law Number 9 of 2015.
- 9) Presidential Instruction of the Republic of Indonesia Number 1 of 2025 concerning Budget Efficiency.
- 10) Letter of the Minister of Finance Number S-37/MK.02/2025 concerning the Efficiency of Expenditure of Ministries/Institutions in the Implementation of the State Budget for the 2025 Fiscal Year.

b. Secondary Legal Materials

A legal source that functions to explain and elaborate primary legal materials.³⁶ The collection is carried out through literature search of various written legal sources that are relevant to the research topic, including reference books, scientific papers, research results, legal journals, academic articles, and other related written sources.

c. Tertiary Legal Materials

Supporting legal sources that provide additional information and clarification on primary and secondary legal materials.³⁷ This category includes legal dictionaries, encyclopedias, and other similar supporting references.

³⁶ Amiruddin And Zainal Asikin, *Introduction to Legal Research Methods* (Jakarta: Raja Grafindo Persada, 2004), 119.

³⁷ Muhaimin, *Legal Research Methods* (Mataram: Mataram University Press, 2020), 62.

4. Legal Material Collection Techniques

This study uses the library study technique as a method of collecting legal materials, which is a fundamental stage in any normative legal research. This technique includes the study of all sources of legal materials, both primary, secondary, and tertiary. The data collection used is using "*library research*".³⁸ So in this case, the author conducted a review of legal documents as primary materials, complemented by analysis of secondary and tertiary materials as research support.

5. Legal Material Analysis

This study uses a qualitative juridical analysis method, which is a research approach that produces descriptive-analytical data. The data collected to illustrate the facts in the study are then inferred and recommended using a deductive mindset—that is, drawing conclusions from general principles to specific things.³⁹

G. Previous Research

In an effort to validate the originality of the research and avoid plagiarism, as well as to provide a comparative framework, the researcher identified several previous studies that had relevance to the topic under review, including the following:

1. The research conducted by Hasim Hartono entitled *The Urgency of Presidential Instruction Number 01 of 2025 on the Implementation of the State Budget in Ministries/Institutions in 2025*, is in the form of a thesis published in the Indonesian *Research Journal on Education*, Volume 5, Number 1, in 2025. The method used in this study is normative legal research with a qualitative descriptive approach. This study discusses budget efficiency strategies through Presidential Instruction

³⁸ Soerjono Soekanto, *Introduction to Research* (Jakarta: Ui Press, 2008), 81

³⁹ Jonaedi Efendi and Johnny Ibrahim, *Normative and Empirical Legal Research Methods*, N.D., 236

Number 1 of 2025 and its influence on the implementation of the State Budget and Regional Budget for the 2025 Fiscal Year, especially on the performance of ministries, institutions, and the national investment and development sectors. The results of this study show that Presidential Instruction No. 1 of 2025 encourages budget efficiency to reduce the fiscal deficit through cuts in ministries/institutions and transfers to the regions. However, this policy has an impact on declining public service performance and hindering the growth of investment sectors such as infrastructure and technology. In contrast to this legal politics research which emphasizes the influence of legal politics in the formation and implementation of budget efficiency policies in the perspective of *Siyasah Maliyah*.⁴⁰

2. The research conducted by Diego Ovaldo entitled *"The Impact of Presidential Instruction Number 1 of 2025 concerning Efficiency and Government Budget Savings on Law Number 9 of 2015 concerning Regional Autonomy"*, is in the form of a thesis at the Constitutional Law Study Program (*Siyasah*), Faculty of Sharia UIN Mahmud Yunus Batusangkar, in 2025. The method used in this study is a normative legal method with a qualitative descriptive approach, using secondary data sources in the form of Presidential Instruction No. 1 of 2025 and Law No. 9 of 2015 concerning Regional Government. This study discusses the legal position of Presidential Instruction No. 1 of 2025 in the Indonesian legal system and its impact on regional autonomy, especially when the Presidential Instruction is used as the basis for budget cuts in local governments. The results of the study show that the Presidential Instruction is not included in the hierarchy of laws and regulations according to Article 7 of Law No. 12 of 2011 so that it does not have binding power

⁴⁰ Hasim Hartono. "The Urgency of Presidential Instruction Number 01 of 2025 on the Implementation of the State Budget in Ministries/Institutions in 2025", *Indonesian Research Journal on Education*, 5(1), 2025: 2666–2672. <https://doi.org/10.31004/Irje.V5i2.2327>

in general and is not suitable as a policy basis that limits local government affairs. This study found that the use of Presidential Instruction No. 1 of 2025 has the potential to cause a conflict in the hierarchy of norms, increase the principle of *lex superior derogat legi inferiori*, and reduce regional autonomy space. However, this study also noted that there is a positive impact, namely a boost to spending efficiency and increased fiscal accountability. In contrast to the author's research, this study focuses on a juridical-hierarchical analysis of the position of the Presidential Instruction on the Regional Autonomy Law, while the author's research focuses on the legal politics of state financial efficiency and the assessment of Presidential Instruction No. 1 of 2025 in the perspective of *Siyasah Maliyah*, to understand the value, focus, and normative legitimacy of budget efficiency policies in the national legal system.⁴¹

3. The research conducted by Haris Budiman, Ainun Nurohmah, Chika Nadia Pratiwi, and Tsulistiyan Nur Islami is entitled *The Implications of Presidential Instruction Number 1 of 2025 on the Effectiveness and Performance of Regional Government*, in the form of a journal article published in *Justicia Journal*, Volume 14, Number 2, September 2025. This study uses a normative juridical method with a literature study approach. The results of the study show that budget cuts through Presidential Instruction No. 1 of 2025 have the potential to cause various negative impacts, such as delayed infrastructure projects, declining quality of public services, increasing unemployment, and inequality in development between regions. However, this study also found that the efficiency policy opens up opportunities for improving project governance, budget optimization, and regional funding innovation. In

⁴¹ Diego Ovaldo. "The Impact of Presidential Instruction Number 1 of 2025 concerning Efficiency and Savings of the Government Budget on Law Number 9 of 2015 concerning Regional Autonomy." Thesis, Uin Mahmud Yunus Batusangkar, 2025. <https://Repo.Uinmybatusangkar.Ac.Id/Xmlui/Handle/123456789/32296>

contrast to this political and legal research which emphasizes the analysis of state financial efficiency from the perspective of *Siyasah Maliyah*, Haris Budiman and his team's research focuses more on the practical implications of the Presidential Instruction on regional development and the effectiveness of local government performance.⁴²

4. The research conducted by Fakhriansyah Syaefuddin Ilham entitled *The Role of the Financial Audit Board (BPK) in the Indonesian State Financial Audit System Siyasah Maliyah Perspective*, is in the form of a thesis prepared at the Faculty of Sharia and Law, Syarif Hidayatullah State Islamic University, Jakarta in 2021. This research is a type of descriptive qualitative research with a statute *approach*. The results of this study show that the Financial Audit Agency (BPK) has a central role in the state financial audit system which in the perspective of *Siyasah Maliyah* includes three concepts, *Al Musyrif Al Maliyah* which functions to supervise financial management, *Wilayatul Hisbah* to examine and supervise its implementation, and *the Mazhalim* Region to deal with fraud and abuse of authority by state officials. In contrast to this political and legal research which emphasizes the efficiency of state finances in Presidential Instruction Number 1 of 2025 based on the perspective of *Siyasah Maliyah*, Ilham's research focuses more on the role of BPK as a supervisory institution in the state financial audit system based on the concept of financial supervision in Islamic law.⁴³

⁴² Haris Budiman, Ainun Nurohmah, Chika Nadia Pratiwi, and Tsulistiyan Nur Islami. "The Implications of Presidential Instruction Number 1 of 2025 on the Effectiveness and Performance of Local Government." *Justice Journal* 14, No.

2 (September 2025): 180–200.
https://www.researchgate.net/publication/395377746_Implikasi_Instruksi_Presiden_Nomor_1_Tahun_2025_Terhadap_Efektivitas_Dan_Kinerja_Pemerintahan_Daerah

⁴³ Fakhriansyah Syaefuddin Ilham. "The Role of the Financial Audit Board (BPK) in the Indonesian State Financial Audit System Siyasah Maliyah Perspective" 2023. (Thesis, Syarif Hidayatullah State Islamic University, Jakarta).

5. The research conducted by Dewi Yuliati is entitled *The Impact of Budget Efficiency Policy at BAPPEDA NTB Province: Implications for Public Services, in the form of a journal article published in the Journal of Legal Compilation*, Volume 10, Number 1, in 2025. This research is a type of normative legal research with a legislative and conceptual approach. The results of this study indicate that the budget saving policy regulated in Presidential Instruction No. 1 of 2025 and the Letter of the Minister of Finance has an effect on the decline in the quality of public services by the NTB Provincial BAPPEDA. The impact includes a decline in human resource performance, limited planning collaboration, hampered digital system development, and a decrease in community satisfaction. Strategies used to mitigate these impacts include strengthening digital services, collaboration with the private sector, selecting flagship programs, implementing work flexibility, routine budget evaluations, and improving central coordination and community participation. Unlike this political and legal research which highlights the efficiency of the state budget in Presidential Instruction No. 1 of 2025 from the perspective of *Siyasah Maliyah*, Dewi Yuliati's research focuses more on technical effects and institutional strategies at the regional level.⁴⁴

Below is a table that presents a comparison between the studies discussed, including the name, title, university, year, problem formulation, similarities, differences, and novelty of each research. This table aims to clarify the differences and similarities between one research and another, so as to provide a more comprehensive picture of the issues discussed in the context of state financial efficiency.

Table. 1

⁴⁴ Dewi Yuliati. (2025). *The Impact of Budget Efficiency Policies in the NTB Provincial Bappeda: Implications for Public Services*. Journal of Legal Compilation, 10(1), 32–42. <https://doi.org/10.29303/Jkh.V10i1.206>

Previous Research

Yes	Name / Title / College / Year	Problem Formulation	Research results	Differences and Novelties
1.	Hasim Hartono/ <i>Urgency of Presidential Instruction Number 01 of 2025 on the implementation of the State Budget in Ministries/Institutions in 2025/Lakidende Unaaha University/2025</i>	How does the budget efficiency strategy through Presidential Instruction Number 1 of 2025 affect the implementation of the State Budget and Regional Budget for the 2025 Fiscal Year and what is the impact of the 2025 budget efficiency policy on the performance of ministries, institutions, and the national investment and development sectors?	The results of the research are that Presidential Instruction No. 1 of 2025 encourages budget efficiency to reduce the fiscal deficit, especially through cutting ministries/institutions and transferring to the regions. However, this policy has an impact on declining public service performance and hindering the growth of investment sectors such as infrastructure and technology.	This research focuses on the technical implementation and direct impact of Presidential Instruction No. 1 of 2025 on institutions and ministries, while the author's research focuses on the political and legal analysis of efficiency policies in the perspective of <i>Siyasah Maliyah</i> .
2.	Diego Ovaldo / <i>The Impact of Presidential Instruction Number 1 of 2025 concerning Efficiency and Savings of the Government Budget on Law Number 9 of</i>	What is the legal position of Presidential Instruction Number 1 of 2025 concerning the efficiency and savings of the government budget in the Indonesian legal system, a review	The results of the study are that Presidential Instruction 1 of 2025 does not have a sufficient legal basis because it is outside the hierarchy of laws and regulations, so its application	This research focuses on juridical analysis of the position and impact of Presidential Instruction No. 1 of 2025 on the Regional Autonomy Law, while the author's research focuses on the legal politics of state

	<p>2015 concerning Regional Autonomy / Mahmud Yunus Batusangkar State Islamic University / 2025</p>	<p>of the projection of the hierarchy of laws and regulations, and what is the impact of Presidential Instruction Number 1 of 2025 concerning the efficiency and savings of the government budget on Law Number 9 of 2015 concerning Regional Autonomy?</p>	<p>has the potential to conflict with the Regional Autonomy Law and reduce regional fiscal space, although on the other hand this Presidential Instruction encourages accountability and efficiency through spending transactions and improved financial reporting.</p>	<p>financial efficiency based on Presidential Instruction No. 1 of 2025 in the perspective of <i>Siyasah Maliyah</i>.</p>
3.	<p>Haris Budiman, Ainun Nurohmah, Chika Nadia Pratiwi, and Tsulistiyani Nur Islami / <i>Implications of Presidential Instruction Number 1 of 2025 on the Effectiveness and Performance of Local Government / Justicia Journal / 2025.</i></p>	<p>What are the policies in budget cuts regulated in Presidential Instruction Number 1 of 2025 and what are the implications of budget cuts on the implementation of development in the regions?</p>	<p>The result of the research is Presidential Instruction Number 1 of 2025 regulating the efficiency of State Budget and Regional Budget spending to reduce the fiscal deficit, by cutting operational spending without reducing employee spending and social assistance. This policy has an impact on the delay of infrastructure projects but encourages budget</p>	<p>This research focuses on technical budget efficiency and its impact on the implementation of the State Budget and Regional Budget, while the author's research focuses on emphasizing the legal politics of state financial efficiency in Presidential Instruction Number 1 of 2025</p>

			optimization and funding innovation.	
4.	Fakhriansyah Syaefuddin Ilham/ <i>The Role of the Financial Audit Agency (BPK) in the Indonesian State Financial Audit System Perspective of Siyasah Maliyah</i> /Syarif Hidayatullah State Islamic University, Jakarta/2021	What is the Role of BPK in the Indonesian State Financial Audit System and the Indonesian State Financial Audit System in the Siyasah Maliyah Perspective?	The results of the research are that the Audit Board (BPK) examines state financial management through three concepts of <i>siyasah maliyah</i> : <i>Al Musyrif Al Maliyah</i> to supervise finances, <i>Wilayatul Hisbah</i> to examine financial management, and <i>Mazhalim Region</i> to deal with fraud of state officials.	This research focuses on the role of the Audit Board (BPK) in the state financial audit system, while the author's research focuses on the legal politics of state financial efficiency based on Presidential Instruction Number 1 of 2025.
5.	Dewi Yulianti/ <i>Impact of Budget Efficiency Policy at Bappeda of NTB Province: Implications for Public Services/Regional Development Planning Agency of West Nusa Tenggara Province</i> /2025	What are the impacts of budget efficiency policies on the quality of public services by the NTB Provincial BAPPEDA and strategies that can be implemented by the NTB Provincial BAPPEDA to minimize the negative impact of budget efficiency and maintain the	The results of the study are that budget efficiency in BAPPEDA NTB reduces human resource performance, planning coordination, and community satisfaction. Strategies to mitigate these impacts include strengthening digitalization, program priorities, and budget evaluation.	This research focuses on the impact of budget efficiency on public services in BAPPEDA NTB, while the author's research focuses on the legal politics of state financial efficiency in Presidential Instruction No. 1 of 2025 from the perspective of <i>Siyasah Maliyah</i> .

		optimization of public services?		
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Some of the previous studies that have been described above are efforts by the author to provide an explanation of the location of the novelty of the research that the author is researching compared to other research, such as Hasim Hartono's research which explains the budget efficiency strategy through Presidential Instruction Number 1 of 2025 and its impact on the implementation of the State Budget and Regional Budget. Research by Diego Ovaldo which examines the legal position of Presidential Instruction Number 1 of 2025 and its impact on regional autonomy by highlighting the conflict of norm hierarchy between the Presidential Instruction and Law Number 9 of 2015. Research by Haris Budiman, Ainun Nurohmah, Chika Nadia Pratiwi, and Tsulistiyan Nur Islami which explains the implications of budget cuts in Presidential Instruction Number 1 on the effectiveness and performance of local governments. Fakhriansyah Syaefuddin Ilham's research which explains the role of the Audit Board (BPK) in the state financial audit system from the perspective *of Siyasaah Maliyah*, as well as Dewi Yulianti's research which emphasizes the impact of budget efficiency policies on public services in the NTB Provincial BAPPEDA. The previous research was explained to distinguish the location of the research object that the author is researching, namely the legal politics of state financial efficiency in Presidential Instruction Number 1 of 2025 from the perspective *of Siyasaah Maliyah*.

H. Research Systematics

The preparation of this research systematics is not much different from the systematics of thesis writing in general, by referring to the guidelines for writing scientific papers published by the Faculty of Sharia UIN Maulana Malik Ibrahim

Malang. The following systematics of the delivery of this research consists of 4 (four) chapters, namely:

CHAPTER I INTRODUCTION

This chapter explains the background of research problems that examine the legal politics related to state financial efficiency in Presidential Instruction Number 1 of 2025 from the perspective of *siyasah maliyah* theory and the *maslahah* principle. This research focuses on the analysis of budget efficiency policies regulated in the instruction and its impact on state financial management and public services. The formulation of the problem in this study reveals how the legal politics behind the implementation of state financial efficiency through the Presidential Instruction and how the principle of *siyasah maliyah* and *maslahah* theory are applied in the context of the policy. In addition, this study also examines the reasons, background, and implications of budget efficiency policies, as well as how legal considerations are in its formation.

The purpose of the research is to analyze and provide answers to the formulation of the problems raised, as well as to provide a deep understanding of the application of legal politics and the principle of *maslahah* in the state budget efficiency policy. Furthermore, the benefits of the research are expected to contribute to academics, policymakers, and the wider community in understanding the political dynamics of law and budget efficiency policies, as well as being part of the author's contribution in completing his law degree studies.

The research methodology used in this study is a research flow and pattern that focuses on a normative approach by examining laws and regulations related to Presidential Instruction Number 1 of 2025 and relevant theoretical studies, especially the theory of *siyasah maliyah* and *maslahah*.

CHAPTER II LITERATURE REVIEW

This chapter describes previous research studies that are related to the research topic, as well as showing the differences between the previous studies and the thesis research being conducted. In addition, this chapter also contains a relevant theoretical framework and supports the analysis of the problems being studied.

CHAPTER III RESULTS OF RESEARCH AND DISCUSSION

This chapter will outline the data obtained, which will then be processed and analyzed to examine how the legal politics related to the state's financial efficiency in Presidential Instruction Number 1 of 2025 are implemented from the perspective of *siyasah maliyah theory*. The data obtained will be used to critically assess how the budget efficiency policy plays a role in supporting or hindering the public good, as well as how the legal considerations underlying this policy are applied through the principles of *siyasah maliyah* and *maslahah*. This analysis will also explore the extent to which the budget efficiency policy meets the public interest and its political empowerment in the management of state finances that is fair and oriented towards the welfare of the wider community.

CHAPTER IV CONCLUSION

This chapter discusses the concluding part which contains suggestions and conclusions. This chapter provides a brief recapitulation of the findings of the research on the political direction of the country's financial efficiency in the 2025 budget policy. The suggestions related to the application of the principle of central and regional expenditure efficiency based on Presidential Instruction Number 1 of 2025 in the framework of fiscal governance are in line with the perspective of *Siyasah Maliyah*.

CHAPTER II

LITERATURE REVIEW

Research is a scientific exploration that is inseparable from the use of theory as a basis for researchers to understand and investigate social situations in depth and comprehensively.⁴⁵ The theoretical framework is a very important element in legal research, serving as a basis for legal investigation which includes a theoretical framework that is explained to overcome or analyze a problem to be investigated.⁴⁶ Therefore, in order to sharpen the analysis, the author will describe 2 (two) theories, which will be the analysis knife in this study, including the following:

A. Legal Political Theory

1. Definition of Legal Politics

Legal political theory occupies a fundamental position because it is a bridge between political power and the national legal system. Padmo Wahjono in his book *Indonesia State Based on Law* defines legal politics as a basic policy that determines the direction, form, and content of the law to be formed. This definition means that legal politics is not just a conceptual term, but a framework of thought that is used as a guideline by the state in designing and implementing laws. The law does not exist by itself, but is born from the policy choices made by state administrators. In his article "Investigating the Process of Forming Legislation", Padmo added that legal politics is the policy of state administrators about what is used as a criterion to punish something, which is understood as a fundamental decision on what to make law, what needs to be banned, what must be regulated, and how the rules are applied and enforced. In other words, legal

⁴⁵ Sugiyono, *Quantitative, Qualitative, and R&D Research Methods* (Bandung: Alfabeta, 2017), 213.

⁴⁶ Elisabeth Nurhaini Batarbutar, *Legal Research Methods Steps to Find Truth in Law* (Bandung: Pt. Refika Aditama, 2018), 126.

politics is not only about *law making* , but also *law applying* and *law enforcement* . This view emphasizes that legal politics has a higher position than just a positive legal product. It acts as the foundation that determines the pattern, direction, and content of the law. If Padmo refers to the politics of law as *legal policy*, then the meaning contained in it is the conscious choice made by the government regarding which laws are maintained, which laws are changed, and which laws will be formed to meet the needs of society and the goals of the state.⁴⁷

Padmo's view is in line with Soedarto's view of legal politics as state policy through bodies that are authorized to set regulations that are considered to represent the will of the community and national ideals.⁴⁸ Sunaryati Hartono added that legal politics is a tool used by the government to build a national legal system that is in accordance with the nation's ideals.⁴⁹ Meanwhile, Satjipto Rahardjo sees it as an activity of choosing ways to achieve certain social goals through the law.⁵⁰

From these various definitions, it can be concluded that legal politics is a strategic policy of state administrators whose function is to organize, renew, and enforce the law based on the values that live in society. This means that every legal product is essentially a reflection of the political orientation of a regime towards the ideals of national law.

2. Legal Political Objects

⁴⁷ Padmo Wahyono, *Investigating the Process of Forming Legislation*, (Forum Keadilan, 199), 65

⁴⁸ Sudarto in Arief Amrullah, *Politics of Criminal Law (In the Protection of Victims of Economic Crime in the Banking Sector)*, (Malang: Bayu Media Publishing, 2007), 16.

⁴⁹ Sunaryati Hartono, *Legal Politics Towards a National Legal System*, (Bandung: Alumni, 1991), 1.

⁵⁰ Satjipto Raharjo, *Legal Sciences*, (Bandung: Citra Aditya Bakti, 2000), 35.

Law is also an object of political study, especially in the context of legal politics. Legal politics aims to formulate norms that govern how human behavior should be. The politics of law examines the changes that are necessary to the positive law that applies in order to be in harmony with the existing social reality (*sociale werkelijkheid*).⁵¹ However, it is not uncommon for legal politics to be used to distance the legal system from social reality, especially when legal politics becomes an instrument of power for the ruling class (*rulling class*) who tend to dominate without considering the real social conditions.⁵²

In examining the politics of law, the focus of the discussion is to discuss the current conditions in Indonesia, in accordance with the principle of the legal hierarchy itself, or to use the term Logeman as the law that applies "here and now."⁵³ Classical interpretation of legal politics Refers to laws formulated or established by the state through state institutions or officials who have the authority to enact them. In general, legal politics can be defined as "policies" taken or "taken" by the state through state institutions or officials authorized to determine which laws need to be changed, changed, maintained, or regulated, so that through these policies the administration of the state and government can take place properly and in an orderly manner, and the goals of the state can be achieved gradually and planned.⁵⁴

3. Political and Legal Relations

Politics and law have a very close relationship and influence each other.

Politics can be understood as a process to achieve and use power in society,

⁵¹ TM Sirait, *Political science of law from time to time* (Yogyakarta: Deepublish, 2021), 39.

⁵² E. Utrecht, , *Introduction in Indonesian Law*, Ninth Edition, (Jakarta: University Publishing, 1966) p:74-75

⁵³ Rain,B.S. *Legal Politics*. (Bandung: Utomo, 2006), 17.

⁵⁴ Yudha Aditya Pradana and Ariawan Gunadi, "Legal Politics in Strengthening the Integrity of the Prosecutor's Office of the Republic of Indonesia as a Pillar of Fair Law Enforcement," *Rewang Rencang: Lex Generalis Law Journal* , Vol. 5, No.10 (2024): 3, <https://jhlgr.rewangrencang.com>

while law is a system of norms that govern that power to run fairly, orderly, and legally. In the state of law (*rechtsstaat*), law must not stand apart from politics, because the formation of law is always influenced by the political will of the ruler. However, the law also serves to limit and control political power so that it is not abused.⁵⁵

Healthy political and legal relations will create a balance between the legitimacy of power and the justice of the law. Politics without law will give birth to arbitrary power (*absolutism*), while law without politics will become stagnant and lose its implementability. In Indonesia, ideally, legal politics is directed to:

- a) Ensuring the upholding of the rule of law.
- b) Uphold justice in line with constitutional values.
- c) Reject all forms of political intervention that undermine the independence of the law and the judiciary.

4. Dimensions of Political Studies, Law and Legislation

Any study of the law of the philosophical dimension and the political dimension will always reveal two important components that need to be considered, in particular:

- 1) The political dimension in legal studies sees a very close relationship between law and politics, some even see *law as a political instrument* which then becomes more developed and gives birth to a separate field of study called legal politics which seems to lead to the need for the so-called *political gelding van het recht* or the basis for the political

⁵⁵ A Haryo Wijoyo and Sunny Ummul Firdaus, "The Urgency of Term Limits for Legislative Members in an Effort to Prevent Abuse of Power," *Journal of Law, Faculty of Law, Sebelas University March 5*, No. 1 (2022): 59, <https://jurnal.uns.ac.id/Respublica/Article/Viewfile/48223/Pdf>

enactment of the law, in addition to what exists now, namely the juridical foundation, the sociological foundation and the philosophical foundation.

- 2) The philosophical dimension in the study of law sees the other side of law as a collection of abstract concepts and represents a further exploration of philosophical discourse, commonly referred to as legal philosophy.⁵⁶

In addition, legal politics also serves as a tool to assess whether a law and regulation is made in the public interest or simply the legitimacy of the political ruler. In it, the relevance of Moh. Mahfud MD is important, he emphasized that the law is always a political product that reflects the configuration of power at a certain time.⁵⁷ If the political configuration is democratic, then the legal product tends to be responsive to the aspirations of the people, on the other hand, if the political configuration is authoritarian, then the law becomes an instrument of power.

Mahfud MD's view on Legal Politics, legal politics is *"Legal policy that will or has been implemented nationally by a country to achieve the idealized state goals."*⁵⁸

Furthermore, Mahfud MD explained that legal politics includes two main dimensions:

1. Law *making policy* is the direction or political will of the state in making certain laws.
2. Law *enforcement policy* is how the law is implemented or enforced in order to achieve the expected goals.

⁵⁶ Abdul Latif and Hasbi Ali. *Legal Politics*, (Jakarta: Sinar Grafika, 2011), 19.

⁵⁷ Endri Susanto, Hariadi Rahman, Nurazizah, Lisa Aisyah, and Ema Puspitasari, *Legal Politics in the Enforcement of the Electronic Information and Transaction Law (ITE)*, *Journal of Legal Compilation* 6, No. 2 (2021), 345–360. <https://doi.org/10.29303/Jkh.V6i2.76>

⁵⁸ Mahfud Md, *Legal Politics in Indonesia 5th Cent*, (Jakarta: Raja Grafindo, 2012), 1.

In other words, legal politics is an instrument of the state to realize national ideals and goals through the legal system. Mahfud emphasized that the law cannot be separated from politics, because politics determines the content of the law, but the law also functions to control the course of politics so that it remains in the constitutional and moral corridor.

The objectives of Legal Politics According to Mahfud MD, are:

1. Realizing justice, utility, and legal certainty proportionately. Directing the development of national law in accordance with the values of Pancasila and the 1945 Constitution.
2. It is a means of social engineering to form a just, prosperous, and civilized society.
3. It is a tool of state policy in organizing a more efficient and just economic, social, and political system.⁵⁹

Political and legal theory is the conceptual basis for analyzing state policies in the field of public finance, especially in Presidential Instruction Number 1 of 2025 concerning Expenditure Efficiency in the Implementation of the State Budget and Regional Budget for the 2025 Fiscal Year. Through Padmo Wahjono's frame of thought, legal politics is understood as a basic policy that determines the direction, form, and content of the law to realize the state's goals. Law in this view is not passive, but is a policy instrument that is consciously designed to direct the development of law towards the welfare of the people. Therefore, Padmo Wahjono's theory provides a normative basis for assessing the state's financial efficiency policy as a manifestation of the legal

⁵⁹ Jamaludin Ghafur, *Legal Politics in Indonesia* (Revised Ed.) by Prof. Dr. Moh. Mahfud Md, Sh, Su (Jakarta: Rajawali Pers, 2009), 6. <https://www.jamalwiwoho.com/Wp-Content/Uploads/2013/05/5.Politik-Hukum-Di-Indonesia.Pdf>

politics of development in the fiscal field that is oriented towards the effectiveness, efficiency, and accountability of state financial management.

On the other hand, Mahfud MD's thinking places legal politics in the reality of power. The law is seen as a political product whose content is greatly influenced by the configuration of power at the time the law is formed. This perspective provides a space for critical analysis of fiscal efficiency policies as stipulated in Presidential Instruction Number 1 of 2025, namely to assess the extent to which the policy is based on objective considerations in maintaining fiscal discipline or reflects the political interests of power actors. Thus, Mahfud MD's theory is used to examine the empirical-political dimension of the country's financial efficiency policy.

5. The Politics of Financial Law in Indonesia

Political financial law is the direction of policies and political choices in the formation of laws that regulate state financial management for the sake of achieving people's prosperity. Meanwhile, according to Jimly Asshiddiqie, the state's financial law covers all legal norms that govern how the state obtains and spends money, as well as supervises it so that there is no abuse of fiscal power. Thus, the politics of financial law is an integral part of the politics of national law that determines the normative and institutional direction of public financial management.⁶⁰

Conceptually, the politics of financial law is part of the national legal politics that focuses on:

- a. how the country earns revenue (*revenue policy*),
- b. how the state manages and allocates the budget (*budgetary policy*), and

⁶⁰ Jimly Asshiddiqie, *State Finance Law* (Jakarta: Rajawali Pers, 2006), 15.

- c. How the Oversight and Accountability Mechanisms Are Regulated in the Legal System⁶¹

The politics of financial law in Indonesia are directed to:

- a. Maintaining national fiscal stability, so that the state budget remains healthy and sustainable.
- b. Encourage the efficiency and effectiveness of public spending, as seen from the *post-reform* budget reform policy.
- c. Strengthen transparency and accountability, through the implementation of *good governance* and *open budgeting systems*.
- d. Realizing distribution justice and social partisanship, by ensuring that public funds are directed to the public benefit and equitable development.⁶²

This orientation is sourced from the values of Pancasila, especially the 5th precept, *Social Justice for All Indonesian People*, and Article 33 of the 1945 Constitution which emphasizes the prosperity of the people as the final goal of the country's economic policy.

B. Theory *Siyasah Maliyah*

1. Understanding *Siyasah Maliyah*

Etymologically, the word *siyāsah* comes from the word ساس يسوس سياسة

(*sāsa – yasūsu – siyāsatan*) which means to regulate, control, manage, or make decisions. Literally, the word *siyasah* comes from the Arabic language which

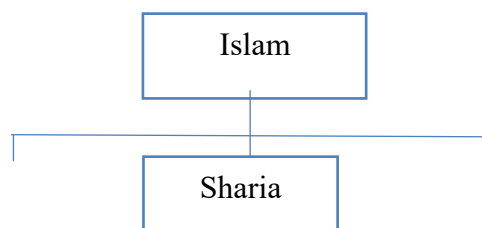
⁶¹ World Bank. *Indonesia Public Expenditure And Financial Accountability (Pefa) Assessment Report*. Washington, D.C.: World Bank, 2017, 14–36. <https://documents1.worldbank.org/Curated/En/681171529941208881/Pdf/Pefa-Report.Pdf>

⁶² M. Hafel Et Al., “*Budget Politics In Indonesia: Processes, Challenges, And Economic Implications*” (Jakarta: Neliti, 2022), 5-6, <https://media.neliti.com/media/publications/571816-Budget-Politics-In-Indonesia-Processes-C-C672b91e.Pdf>

means government, decision-making, policy-making, management, supervision, and engineering. The term *siyasah* encompasses the entire process of regulation and management necessary to achieve social and political goals. Based on the dictionary of *al-Munjid* and *Lisan al-'Arab*, the term *siyasah* is understood as a whole of activities related to governance, including aspects of management and supervision in the policy formulation process.⁶³

Terminologically, *siyasah* is interpreted as the management of the welfare of mankind in accordance with sharia. The purpose is to regulate, manage and make policy on something that is political in nature to encompass something.⁶⁴ Ibn Manzhur explained that *siyāsah* was originally used to describe the activity of arranging and training animals, especially horses, before later being used in the sense of human leadership with the meaning of leading and regulating in order to achieve benefits. In *Lisan al-Arab*, it means to arrange or lead something in a way that leads to benefits. While in *al-Munjid*, *siyasah* is to make the benefit of people by guiding them to the path of salvation. Abdul Wahhab Khallaf emphasized that *siyasah* is a regulation or policy that is put in place to maintain order, realize benefits, and regulate the state of society in accordance with Islamic law.⁶⁵

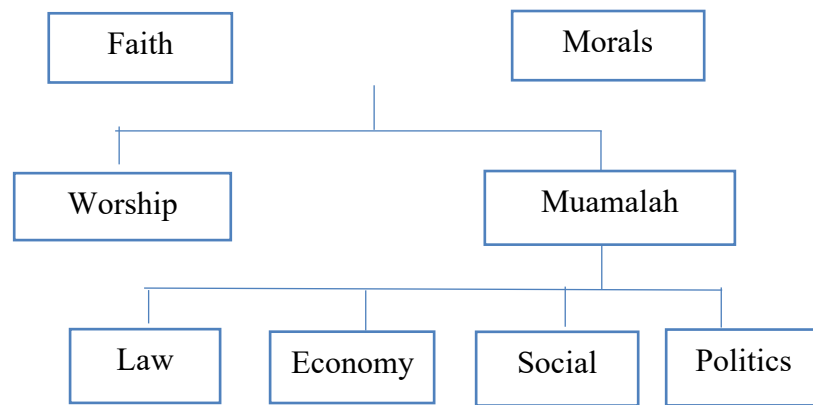
Figure 1: The Position of Siyasah in Islam



⁶³ A. D. Putri, F. Nurkarimah, A. Rahmi, and W. Wismanto, "Fiqh Siyasah in Islamic Learning," *Maras: Journal of Multidisciplinary Research* 2, no. 1 (2024): 220, <https://doi.org/10.60126/Maras.V2i1.169>

⁶⁴ Janeko and Uzlal Wahidah, "Siyasah Maliyah Review of the Role of Village-Owned Enterprises (Bumdes) in Improving the Community Economy and Village Original Income (PAD)", *The Republic: Journal of Constitutional Law*, Vol. 01, No. 01 (April 2023): 32. <https://doi.org/10.55352/Htn.V1i1.443>

⁶⁵ Solehuddin Harahap, *Siyāsah Syar'iyyah in Islamic Perspective*, *Hukumah: Journal of Islamic Law* 5, No. 2 (2022), 113. <https://ojs.staituankutambusai.ac.id/index.php/Hukumah/Article/View/381/256>



Basically, in the early stages of discussion, Islamic politics (*siyasah*) is understood as a whole of thought related to the regulation and maintenance of the affairs of the ummah. Regarding this understanding, Abdul Qodim Zallum in *Afkaru Siyasiyyah* said that the highest level of Islamic political thought is the thought that relates to the affairs of mankind in the world from a certain angle. Here, the main foundation of Islamic political thought is the Islamic creed, including an ideology, system, and including the state.⁶⁶

The concept of *Siyasah Maliyah* places state financial management as the main instrument in realizing social justice. There are three important elements that are the focus of this policy, namely the people, property, and the government or the ruling authority. The three are interrelated and must be managed in a balanced manner. The state is tasked with ensuring that the distribution of wealth does not only circulate among certain circles, but can reach all levels of society. In Islamic teachings, welfare is not only measured by the accumulation of wealth, but also by how fair and equitable the distribution of resources in society is.⁶⁷

⁶⁶ Iskandar Zulkarnaen, Muntasir, Bimby Hidayat, and Ahyar M. Gade, *Politics of Siyasah Syariah Practice Aceh* (Banda Aceh: Bandar Publishing, 2021), 20.

⁶⁷ Ahmad Djazuli, *Fiqh Siyasah, Implementation of the Benefit of the Ummah in Rambu - Rambu Syariah* (Jakarta: Kencana, 2003), 177

Thus, *Siyasah Maliyah* is not just a system of fiscal regulation, but an integral part of Islamic governance that is oriented towards the public benefit (*maslahah 'ammah*). The state not only has an obligation to collect revenue through sharia instruments such as zakat, kharaj, jizyah, and taxes, but is also responsible for ensuring the equitable distribution of welfare and preventing the accumulation of wealth in the hands of certain groups. Every fiscal policy in Islam must be directed at maintaining economic balance, encouraging productivity, and upholding the principles of justice and public accountability in accordance with sharia values.

2. Legal Basis of *Siyasah Maliyah*

The basic principles of *Siyasah Maliyah* have a strong foundation in the Qur'an and the Hadith of the Prophet Muhammad (saw) which affirm the importance of justice, balance, and the responsibility of the state in managing public property. These values affirm that any fiscal policy must be directed to achieve the benefit of the ummah and prevent the accumulation of wealth only in certain groups.

1) Al-Qur'an Surah Al-baqarah verse 220

فِي الدُّنْيَا وَالْآخِرَةِ وَيَسْأَلُونَكَ عَنِ الْيَتَامَىٰ قُلْ إِصْلَاحٌ لَّهُمْ خَيْرٌ وَإِنْ تُخَالِطُوهُمْ فَإِخْوَانُكُمْ وَاللَّهُ

يَعْلَمُ الْمُفْسِدَ مِنَ الْمُصْلِحِ وَلَوْ شَاءَ اللَّهُ لَأَعْتَبَتْكُمْ إِنْ اللَّهَ عَزِيزٌ حَكِيمٌ

"About the world and the hereafter. They ask you (the Prophet Muhammad) about orphans. Say, "Improving their situation is good." If you associate with them, they are your brothers. Allah knows the one who does evil and the one who does good. If Allah had willed, He would have brought trouble upon you. Indeed, Allah is Mighty, Wise." (QS. Al-Baqarah: 220) ⁶⁸

⁶⁸ Al-Qur'an And Translation, Qs. Al-Baqarah Verse 220

2) Al-Qur'an Surah Al-Hasyr verse 7

مَا آفَاءَ اللَّهِ عَلَى رَسُولِهِ مِنْ أَهْلِ الْقُرَى فَلِلَّهِ وَلِلرَّسُولِ وَلِذِي الْقُرْبَىٰ وَالْيَتَامَىٰ وَالْمَسْكِينِ
وَابْنِ السَّبِيلِ كَيْ لَا يَكُونَ دُولَةً بَيْنَ الْأَغْنِيَاءِ مِنْكُمْ وَمَا آتَاكُمُ الرَّسُولُ فَخُذُوهُ وَمَا
نَهَاكُمْ عَنْهُ فَانْتَهُوا وَاتَّقُوا اللَّهَ إِنَّ اللَّهَ شَدِيدُ الْعِقَابِ⁶⁹

*"Whatever (wealth obtained without war) that Allah bestows upon His Messenger from the inhabitants of several lands is for Allah, the Messenger, the relatives (of the Messenger), the orphans, the poor, and the traveller. (Thus) so that the wealth does not circulate only among the rich among you. What the Messenger gave you, receive. What he forbids you, leave behind. Fear Allah. Indeed, Allah is very severe in His punishment." (QS. Al-Hasyr: 7)*⁶⁹

3) Hadith

Siyasah Maliyah is the source of ḥadiths as the second source of law after the Qur'an which explains the management of state finances with regard to the appropriate state revenue and expenditure. Some examples of hadiths related to *Maliyah siyasah* include:

حَدَّثَنَا إِسْمَاعِيلُ بْنُ عَبْدِ اللَّهِ قَالَ حَدَّثَنِي مَالِكٌ عَنْ صَفْوَانَ بْنِ سُلَيْمٍ رَفَعَهُ إِلَى النَّبِيِّ صَلَّى اللَّهُ
عَلَيْهِ وَسَلَّمَ قَالَ السَّاعِي عَلَى الْأَرْمَلَةِ وَالْمَسْكِينِ كَالْمُجَاهِدِ فِي سَبِيلِ اللَّهِ أَوْ كَالَّذِي يَصُومُ
النَّهَارَ وَيَقُومُ اللَّيْلَ

⁶⁹ The Qur'an and Translation of Qs. Al-Hasyr Verse 7

"The one who works for the widows and the poor is like the one who fights in the cause of Allah." I (the narrator, i.e. Shafwan bin Sulaim) thought that he also said, "And like a person who always prays at night without feeling tired, and like a person who always fasts without breaking the fast." (HR. Bukhari, Muslim, and Tirmidhi).

مَنْ اقْتَطَعَ حَقَّ امْرِئٍ مُسْلِمٍ بِبَيْمِينِهِ، فَقَدْ اَوْجَبَ اللَّهُ لَهُ النَّارَ، وَحَرَّمَ عَلَيْهِ الْجَنَّةَ

"Whoever takes the right of a Muslim unjustly using his oath, then Allah has ordained for him Hell and forbidden for him Paradise." (HR. Muslim)⁷⁰

3. Scope of *Siyasah Maliyah*

In general, the scope of *siyasah maliyah* includes four main aspects, namely:

1) State Resources and Revenue (*Al-Irādāt al-Daulah*)

The first scope relates to the way in which the state obtains revenue to finance public affairs. In the fiqh siyasah literature, state revenue is divided into two major groups: *First*, Fixed income (syar'i): zakat, *kharaj*, *jizyah*, '*ushr*', *fai*', and *ghanimah*. *Second*, policy revenue (*ijtihadiah*): modern taxes, natural resource management results, levies, and state investment as long as they do not conflict with the principles of justice and the prohibition of usury.⁷¹ In principle, every form of income must be managed fairly and transparently and aimed at the benefit of the people, not the interests of individuals or groups.

2) State Production and Expenditure (*Al-Nafaqāt al-Daulah*)

⁷⁰ Prophet Muhammad صلى الله عليه وسلم, hadith on trust and responsibility, *HadeethEnc*, no. 5430, accessed December 14, 2025, <https://hadeethenc.com/id/browse/hadith/5430>.

⁷¹ Pratiwi Syahyani Syahrir, "*The Concept of Siyasah Al-Māliyah in the Time of Khalīfah 'Umar bin al-Khattab and 'Uthman bin 'Affān (Comparative Study)*", Thesis, (Makassar: Faculty of Sharia and Law Uin Alauddin Makassar, 2020), 19-30. <https://Repositori.Uin-Alauddin.Ac.Id/18948/1/Pratiwi%20syahyani%20syahrir%20fsh.Pdf>

The second aspect includes the policy of spending assets from baitul mall to meet public needs.⁷² State spending must be based on the priority of benefits (*al-maslahah al-'ammah*), while maintaining efficiency and accountability.

The main categories of state production in siyasah maliyah include:

1. Financing basic needs of the community such as education, health, and social welfare.
2. Financing of defense and national security.
3. Salaries of state apparatus and government administration.
4. Emergency and disaster funds.

This is in line with the words of Allah in QS. Surah Al-Isrā' verses 26–27, which affirm the prohibition of extravagance and the obligation to use wealth in proportion and benefit, as affirmed that "indeed those who are extravagant are the brothers of Satan, and Satan is very disobedient to his Lord."

4. Abdul Wahhab Khallaf's Views on *Siyasah Maliyah*

According to Abdul Wahhab Khallaf, *siyasah maliyah* is part of the *Siyasah Syar'iyah* (Islamic politics) related to the regulation of state financial affairs (*Baitul Mal*) to achieve the benefit of the ummah while still being guided by the principles of Islamic law.⁷³ In his work "*As-Siyasah Ash-Syar'iyah*", Abdul Wahhab Khallaf explained that: "*As-Siyasah Ash-Syar'iyah hiya tadbîr al-umûr al-'âmmah lil-daulah al-Islâmiyyah 'alâ wajhin yuhaqqiqu al-mashlahah wa yadra' al-mafsadah, bi mâ lâ yukhalifu nashshan syar'iyyan.*" (Shari'i politics is the

⁷² Rs Pertiwi, S. Herianingrum, R. Muhtadi, and M. Muhammad, "Analysis of the Development of Baitul Maal Practice in the Period of Daulah Islamiyah and in the Context in Indonesia," *Ulumuna: Journal of Islamic Studies* 6, no. 1 (2020): 62. https://Repository.Unair.Ac.Id/119011/1/Sriherianingrum_Artikel408_Analisis-Perkembangan.Pdf

⁷³ Abdul Wahhab Khallaf, *Al-Siyasah Al-Syar'iyyah*, (Cairo: Dar Al-Anshar, 1977), Cet. 1st, pp. 4-5.

arrangement of the general affairs of the Islamic state in a way that realizes benefits and rejects harm without disputing the nash shari'i).

Siyasah maliyah According to Abdul Wahhab Khallaf, the management of assets and public financial policies by the state for the benefit of the people is carried out based on the following principles:

1. In accordance with the principles of sharia (*as-shariah*)
2. ensuring the justice of distribution (*al-'Adalah*)
3. Avoiding Waste and Embezzlement, (*Isyraf*)
4. as well as ensuring transparency and accountability in the management of public assets. (*as-Shafafiyah*)⁷⁴

The *theory of Siyasah Maliyah* put forward by Abdul Wahhab Khallaf provides a normative as well as a practical basis in understanding how the state should manage public assets for the benefit of the people. The four main principles of sharia compliance (*as-sharia*), distribution justice (*al-'adalah*), prevention of waste (*isyraf*), and transparency and accountability (*as-syafafiyah*) are directly correlated with the current budget management problems in Indonesia. Therefore, the application of this theory is very appropriate and relevant for research that focuses on Indonesia's budget efficiency. The *Siyasah Maliyah theory* not only provides an ethical and normative perspective according to Islamic values, but also provides technical indicators such as the prevention of waste, optimization of budget distribution, and the strengthening of transparency that can be used to analyze empirical phenomena in Indonesia. The integration between spiritual values and modern governance makes this theory very

⁷⁴ Abdul Wahab Khallaf, *Al-Siyasah Al-Syar'iyah* (Cairo: Dar Al-Anshar, 1977), p. 5. Quoted from J. Suyuthi Pulungan, *Fiqh Siyasah Teachings, History and Thought* (cet. V; Jakarta: Pt. Rajagrafindo Persada, 2002), 27.

suitable as a theoretical basis in research on the effectiveness and efficiency of state budget management.

CHAPTER III

RESULTS AND DISCUSSION

A. Legal Politics of State Financial Efficiency Policy in Presidential Instruction Number 1 of 2025

State financial management is one of the fundamental pillars in the implementation of a democratic and fair government.⁷⁵ As the main instrument in realizing the goals of the state as mandated in the Preamble to the Constitution of the Republic of Indonesia in 1945, the state budget is not only to fund government activities, but also as a manifestation of political and economic policies that reflect the priorities of development and the welfare of the people.⁷⁶ Every policy related to the management of the state budget has significant consequences, both from a juridical, political, and socio-economic perspective.

During the transition of state leadership, the challenges in budget management often face complex dynamics. The new government needs to address the problems left behind by the previous period, as well as respond to rapid changes in global conditions. External pressures, arising from economic and political instability around the world, changes in commodity prices, and dynamics in international trade, require a flexible and responsive financial strategy. On the other hand, demands from within the community for improving the quality of public

⁷⁵ Parlagutan Dahlan Sipayung, *Budget Law: Pillars of State Finance* (Jakarta: PT Nawala Gama Pendidikan (Jakarta: PT Nawala Gama Pendidikan 2025), 64.

⁷⁶ Rahmayanti et al., "Diving into Indonesia's State Budget: Budget and Period-to-Period Development Analysis," *Portrait of IKRAITH-EKONOMIKA* (2025): 331. <https://journals.upi-yai.ac.id/index.php/IKRAITH-EKONOMIKA/article/view/4544/3493>

services, poverty reduction, and accelerating infrastructure development, force the government to allocate the budget in an effective and efficient way.⁷⁷

In terms of the theoretical framework of legal politics, any fiscal policy taken by the government cannot be separated from the political configuration that underlies it. As stated by Mahfud MD, law is a political product that reflects the will and interests of the dominant political forces at the time of the formation of the law.⁷⁸ Therefore, to understand the substance and direction of the country's financial management policy, a comprehensive analysis is needed not only of the normative-juridical aspects, but also of the political, economic, and social aspects that surround it.

1. Global and National Economic-Political Conditions Ahead of the 2025 Fiscal Year

Understanding the country's financial efficiency policy set in early 2025 requires a deep understanding of the dynamics of the global political economy behind it. The second decade of the 21st century was marked by a series of turmoil that fundamentally changed the world's economic and political landscape. The COVID-19 pandemic that has hit the world since the end of 2019 has left a lasting impact on the global economic structure, including disruptions to supply chains, increased public debt in various countries, and changes in consumption and production patterns.⁷⁹

⁷⁷ I. Setiawan and NDB Arti, "The Relationship of Government Innovation to Government Restructuring in Indonesia," *Scientific Journal of Local Government Administration* 2024, 239.

⁷⁸ Mahfud MD, *Legal Politics in Indonesia*, Jakarta: Rajawali Press, 2010, 2.

⁷⁹ Ida Suryahani, Nurhayati, and ERS Gunawan, *Global Dynamics of the Indonesian Economy* (Jakarta: PT. Sonpedia Publishing Indonesia, 2024), 94.

Having not fully recovered from the impact of the pandemic, the world is once again faced with a series of interlocking crises. The armed conflict between Russia and Ukraine that erupted on February 24, 2022 has created a major shock to the international trading and financial system. Ukraine as one of the world's largest wheat producers has experienced significant production and export disruptions, while economic sanctions imposed on Russia by Western countries have had an impact on energy supplies, especially natural gas and petroleum.⁸⁰ *The European Council on Foreign Relations* noted that the energy crisis caused by the Russia-Ukraine war has pushed inflation in Europe to its highest level in the last four decades.⁸¹

The problem is getting more complex with the increasing tensions in the Middle East region. The Israeli-Palestinian conflict that heated up again in October 2023 not only caused a humanitarian crisis in Gaza, but also created geopolitical uncertainty that had an impact on the stability of world oil prices and international trade routes, especially in the Red Sea and Suez Canal regions which are vital routes for global trade.⁸² These disruptions to shipping lanes put additional pressure on logistics and international trade costs, which in turn affected price levels in various importing countries, including Indonesia.

In the Asia-Pacific region, the strategic competition between the United States and China has entered a new, more intense phase. The trade war that began in the era of Donald Trump's administration and continued into the Joe Biden

⁸⁰ Iswahyudi and MA Millatipuan, "Consequences on the Economy of the Republic of Indonesia due to Russia's Invasion of Ukraine," *JP8*, no. 1 (2024): 61.

⁸¹ European Council on Foreign Relations, "The Impact of the War in Ukraine on the Global Economy", Policy Brief, March 2024

⁸² S. Setiawan, "The Impact of Iran's Retaliation on Israel in 2024 in the Middle East Region," *Global Insights Journal: International Relations Student Journal* 2, no. 2 (2025): 8. <https://doi.org/10.36859/gij.v1i3.3312>

administration has evolved into a broader competition that includes technology, investment, and geopolitical influence. The imposition of high import tariffs, restrictions on technology transfer, and attempts to form economic alliances that exclude one side have created fragmentation in the global trading system.⁸³ For countries such as Indonesia, which have significant economic relations with the two superpowers, this dynamic poses challenges as well as opportunities that must be carefully managed.

The impact of these various global turmoil on the Indonesian economy is quite significant. Although Indonesia has been relatively successful in maintaining macroeconomic stability with positive economic growth, inflationary pressures stemming from *imported inflation* are not entirely avoidable. Bank Indonesia noted that inflationary pressures in 2024 are still relatively high despite being within the set target, with core inflation reaching 2.26% by the end of the year.⁸⁴ The increase in the price of energy and food commodities in the international market has a direct impact on the increase in production costs and the price of consumer goods in the country.

On the fiscal side, the Indonesian government faces the challenge of balancing the need to encourage economic growth through expansive state spending on the one hand, and the need to maintain fiscal discipline and debt sustainability on the other. Law Number 17 of 2003 concerning State Finance sets a maximum budget deficit limit of 3% of Gross Domestic Product (GDP).⁸⁵ In 2024, the state budget deficit will be recorded at 2.7% of GDP, which means it is close to the maximum

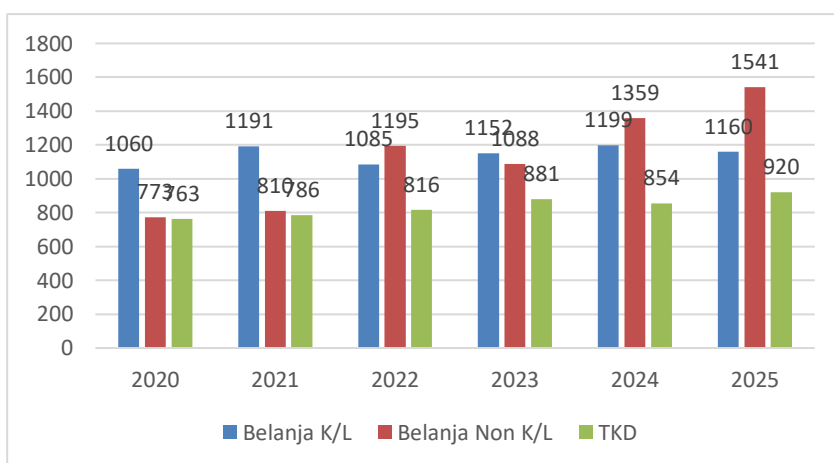
⁸³ IRC Tarumingkeng, *Geopolitical Dynamics* (Jakarta: Dinamika Publishers, 2024), 70.

⁸⁴ *Inflation Report (Consumer Price Index)*, 2024, Bank Indonesia.

⁸⁵ Law Number 17 of 2003 concerning State Finance sets a maximum budget deficit limit of 3 percent of Gross Domestic Product (GDP).

allowable limit.⁸⁶ This situation makes it difficult for the government to make larger spending.

Meanwhile, in terms of state revenue, the tax revenue target in 2024 has not been fully achieved. The Directorate General of Taxes noted that the realization of tax revenue only reached 95.09% of the target set in the 2024 State Budget.⁸⁷ This revenue shortfall is caused by a variety of factors, including a slowdown in economic activity in some sectors, the effects of tax incentives provided to encourage investment and consumption, and challenges in improving taxpayer compliance. In terms of Non-Tax State Revenue (PNBP), revenues from the natural resources sector also fluctuate influenced by commodity price movements in the international market.⁸⁸



Graph 1 : Summary of the National Budget in the 2020-2025 State Budget

The graph above shows the development of Indonesia's State Expenditure during the period 2020 to 2025 based on the Central Government Financial Statements

⁸⁶ "Exactly the Same as the Target in the 2024 State Budget Law, Deficit of 2.29 Percent of GDP," DDTC News , accessed December 1, 2025, <https://news.ddtc.co.id/berita/nasional/1808037/sama-persis-dengan-target-di-uu-apbn-2024-defisit-229-persen-pdb>

⁸⁷ Directorate General of Taxes, "DGT Jakarta Special to Realize 95% of Tax Revenue," Press Release, accessed December 1, 2025, <https://www.pajak.go.id/id/siaran-pers/djp-jakarta-khusus-realisasikan-95-penerimaan-pajak>

⁸⁸ Directorate General of Economic and Fiscal Strategy, *Economic, Financial, & Fiscal Review Second Edition 2025*, "Maintaining Growth in the Era of Global Geofragmentation," (Jakarta: Ministry of Finance, 2025), 4. https://fiskal.kemenkeu.go.id/files/tekf/file/1751256367_tekf_ii_2025.pdf

(LKPP) and the projections *of the Outlook* and State Budget for 2025.⁸⁹ In general, the data shows an increasing trend in the country's budget from year to year, reflecting the government's fiscal expansion in an effort to maintain economic stability and strengthen national development.

These uncertain global and national economic challenges create a policy dilemma for the new government that will be inaugurated at the end of 2024. On the one hand, there is an urgent need to increase state spending to finance the development and welfare programs that have been promised in the election campaign. On the other hand, limited state revenues and the need to maintain fiscal discipline limit room for aggressive spending expansion. This situation then gave birth to the state's financial efficiency policy as one of the solutions to optimize the use of the available budget.

2. Leadership Transition and Priority Agenda of the New Government's Fiscal Policy

On October 20, 2024, Prabowo Subianto was inaugurated as the eighth President of the Republic of Indonesia, replacing Joko Widodo who has served for two terms. This inauguration marks the beginning of a new era of leadership that brings a different vision and development priorities to the previous period, while remaining within the corridor of policy continuity that has been built. Prabowo Subianto, who ran alongside Gibran Rakabuming Raka as a vice presidential candidate, won the general election with a significant vote turnout, which gave him a strong political mandate to implement the promised programs.⁹⁰

⁸⁹ Ministry of Finance of the Republic of Indonesia, "Financial Statements of the Central Government," Retrieved November 10, 2025, <https://www.kemenkeu.go.id/informasi-publik/laporan/laporan-keuangan-pemerintah-pusat>

⁹⁰ General Election Commission, "Results of the 2024 Presidential and Vice Presidential Elections".

In his inauguration speech and various previous statements, President Prabowo affirmed his commitment to continue infrastructure development that began in the previous era, but with greater emphasis on aspects of people's welfare and human resource development. One of the flagship programs that is the main focus is the Free Nutritious Meal Program which targets to provide adequate nutritional intake to school children, pregnant women, and other vulnerable groups.⁹¹ The program is designed not only as a short-term effort to address the problem of hunger and malnutrition, but also as a long-term investment in improving the quality of Indonesia's human resources.

In addition to the free nutritious meal program, the new government also set several other development priorities. First, improving the quality of education through improving school infrastructure, improving teacher welfare, and modernizing the curriculum that is more relevant to the needs of the world of work and technological developments. Second, improving access and quality of health services, including the construction of health facilities in remote areas and strengthening the primary health system. Third, accelerating the development of connectivity infrastructure which is not only limited to physical infrastructure such as roads, bridges, and ports, but also digital infrastructure that supports the digital transformation of the economy and government. Fourth, strengthening the agricultural sector and food security through modernization of agricultural technology, improving distribution systems, and protecting farmers. Fifth, the development of downstream industries and the downstream of natural resources to increase added value and create jobs, and sixth, strengthening national defense and security to maintain regional sovereignty and integrity.⁹²

⁹¹ Gerindra Party, *Asta Cita Vision and Mission PrabowoGibran 2024* (2024). <https:// Gerindra.id/wp-content/uploads/2024/10/33.-Asta-Cita-Visi-Misi-Prabowo-Gibran.pdf>

⁹² Gerindra Party, *Asta Cita: Prabowo-Gibran's Vision and Mission 2024* .

The implementation of these priority agendas certainly requires huge budget support. Initial estimates show that the Free Nutritious Meal Program alone requires a budget of around Rp71 trillion per year to be able to cover all target beneficiaries.⁹³ Not to mention the budget needs for other priority programs that also require a lot of allocation. This is where the fundamental challenge arises, how to finance these ambitious programs in the midst of limited state revenues and the need to maintain fiscal discipline.

Table 2.
Posture of the 2025 State Budget (Law No. 62 of 2024)

Yes	Components	Value (Trillion Rupiah)	Percentage of GDP
1	State Revenue	3.005,1	-
2	Tax Revenue	2.490,9	-
3	PNBP	513,6	-
4	Grants	0,6	-
5	State Expenditure	3.621,3	-
6	Central Government Expenditure	2.701,4	-
7	Transfer to Region	919.9	-
8	Budget Deficit	616.2	2,53%

President Prabowo's administration inherited the posture of the 2025 State Budget that had been set by the previous government through Law Number 62 of 2024 concerning the State Revenue and Expenditure Budget for the 2025 Fiscal Year. Based on the table above, total state revenue is projected at IDR 3,005.1 trillion, consisting of tax revenues of IDR 2,490.9 trillion, PNBP of IDR 513.6 trillion, and grants of IDR 0.6 trillion. Meanwhile, total state spending is set at Rp3,621.3 trillion, consisting of central government spending of Rp2,701.4 trillion and transfers to the regions of Rp919.9 trillion. Thus, the budget deficit is projected at Rp616.2 trillion or around 2.53 percent

⁹³ Institute for Development of Economics and Finance (INDEF), *Final Report – MBG Program Multiplier Effect* (2024), pdf, accessed 1 December 2025, <https://indef.or.id/wp-content/uploads/2024/10/Final-Report-INDEF-Efek-Pengganda-Program-MBG.pdf>

of GDP, which will be financed through debt financing and other financing instruments.⁹⁴

The structure of the 2025 State Budget that has been determined provides limited fiscal space for the new government to implement its priority programs without making adjustments or reallocating the budget. Options to increase the budget deficit through increased debt are limited by regulatory provisions and long-term fiscal sustainability considerations. Therefore, the new government is faced with a strategic choice, whether to postpone the implementation of priority programs while waiting for an increase in state revenue in the coming years, or to reallocate the budget through the efficiency of spending that has been allocated for activities that are considered less priority.

The political choice taken by President Prabowo is to carry out massive and structured efficiency of state spending. This choice is not without careful consideration. From the political side, budget efficiency can be seen as a responsive step to public criticism regarding budget waste and inefficiency in the administration of government which is often in the public spotlight.⁹⁵ Data from the Audit Board (BPK) shows that there are still many cases of inefficiency in the use of the state budget, including untargeted spending, procurement of goods and services that are not in accordance with needs, and low budget absorption in several ministries/institutions which indicate weak planning.⁹⁶

⁹⁴ Law Number 62 of 2024 concerning the State Revenue and Expenditure Budget for the 2025 Fiscal Year.

⁹⁵ Safitria, Adelia, et al., "The Effectiveness of Infrastructure Repair: A Case Study of Repairing Damaged Roads in One Night in Rumbia District, Central Lampung," *Journal of Legal and Public Policy Studies* 2, no. 2 (Jan–Jun 2025): 1124.

<file:///C:/Users/USER/Videos/New%20folder/REFERENSI%20PROPOSAL%20SKRIPSI/adellia+safitri.pdf>

⁹⁶ The Indonesian Audit Board (BPK), Overview of Audit Results: Semester II of 2023 (Jakarta: BPK RI <https://library.bpk.go.id/koleksi/detil/jkpkbpkpp-p-CN7mO5WJ8>)

From the economic side, budget efficiency is expected to create *fiscal space* that can be allocated for programs that are more productive and have a direct impact on people's welfare. The concept of *fiscal space* developed by the *International Monetary Fund* (IMF) refers to the availability of space for governments to provide resources for specific purposes without jeopardizing fiscal sustainability.⁹⁷ For Indonesia, the creation of *fiscal space* through spending efficiency is a rational strategy considering the limitations in significantly increasing state revenue in the short term.

From the legal and administrative side of the state, budget efficiency is in line with the principles of state financial management as regulated in laws and regulations. Article 3 paragraph (1) of Law Number 17 of 2003 concerning State Finance states that state finances are managed in an orderly manner, obey laws and regulations, efficient, economical, effective, transparent, and responsible by paying attention to a sense of justice and propriety.⁹⁸ The principle of efficiency enshrined in the provision means that state financial management must be carried out by optimizing the use of available resources to achieve maximum results.

However, the choice to carry out budget efficiency through the Presidential Instruction instrument raises *juridical and political discourses* that are important to study. The fundamental question that arises is whether the Presidential Instruction as a form of administrative policy and not included in the hierarchy of laws and regulations, has the legitimacy to regulate matters related to the implementation of the State Budget that has been stipulated by the Law? What is the relationship of authority between the President and the House of Representatives in the implementation of the budget function? Does the efficiency carried out have the potential to interfere with the

⁹⁷ International Monetary Fund, "Creating Fiscal Space", Fiscal Affairs Department, 2010.

⁹⁸ Article 3 paragraph (1) of Law Number 17 of 2003 concerning State Finance.

implementation of essential public service functions? These questions will be the focus of the analysis in the following sections.

3. Juridical Basis and Substance of Presidential Instruction Regulation Number 1 of 2025

On January 22, 2025, or about three months after being inaugurated as President, Prabowo Subianto issued Presidential Instruction Number 1 of 2025 concerning Expenditure Efficiency in the Implementation of the State Revenue and Expenditure Budget and Regional Expenditure Budget for the 2025 Fiscal Year. This instruction is addressed to the Ministers of the Red and White Cabinet, the Commander of the Indonesian National Army, the Chief of the National Police of the Republic of Indonesia, the Attorney General, the Heads of Non-Ministerial Government Institutions, the Heads of the Secretariat of State Institutions, the Governors, and the Regents/Mayors, to carry out spending efficiency measures in the implementation of the 2025 budget.⁹⁹

Before analyzing the substance of this instruction arrangement, it is important to first understand the position and characteristics of the Presidential Instruction in the Indonesian legal system and regulations. According to Jimly Asshiddiqie, the Presidential Instruction is a "*policy rules*" or "*beleidsregels*", which are a form of policy regulations that are not categorized as a form of laws and regulations in the formal sense. It is called *policy* or *beleids* or policy because formally it cannot or indeed does not take the form of official regulations.¹⁰⁰ Presidential Instructions are essentially

⁹⁹ Presidential Instruction Number 1 of 2025 concerning Expenditure Efficiency in the Implementation of the State Budget and Regional Budget for the 2025 Fiscal Year.

¹⁰⁰ EAM Putra and M.SH, *Policy Regulations (Beleidsregel) in Indonesian Positive Law* (Yogyakarta: Samudra Biru, 2024), 49.

instruments to provide direction, guidance, and guidance in the implementation of duties and work, addressed to officials under the coordination of the President.

Presidential Instruction is a form of executive policy that is born from the authority of the President as the head of government. As a policy product, the Presidential Instruction has different characteristics from laws and regulations. First, the President's Instruction is internal and only binds the intended official or institution. Second, the Presidential Instruction cannot change or override higher regulations. Third, the Presidential Instruction is more administrative and operational than normative.¹⁰¹

Furthermore, Mahfud MD emphasized that the understanding of the Presidential Instruction cannot be separated from the theory of authority in state administrative law. The President's authority to issue Presidential Instructions stems from the President's position as the holder of the highest governmental power authorized to coordinate and direct the implementation of government duties. However, such authority must still be limited by the principles of the rule of law and must not exceed constitutional boundaries.¹⁰²

Based on the hierarchy of laws and regulations as stipulated in Article 7 paragraph (1) of Law Number 12 of 2011 concerning the Establishment of Laws and Regulations as amended by Law Number 13 of 2022, the Presidential Instruction is not included in the type of laws and regulations.¹⁰³ The hierarchy of laws and regulations

¹⁰¹ Mayolla Octavia and Laila Mauluda Tunnisa, "Juridical Analysis of the Position of Presidential Instruction in the National Legal System," *JISPENDIORA: Journal of Social Sciences, Education and Humanities* 4, no. 2 (August 2025): 401. Gadjah Mada University. <https://doi.org/10.56910/jispendiora.v4i2.2328>

¹⁰² DFN Rahman, "The Role and Position of the President's Special Staff in the Exercise of Government Power" (Doctoral diss., Islamic University of Indonesia, 2024), 52. <https://dspace.uii.ac.id/bitstream/handle/123456789/49520/20410779.pdf?sequence=1&isAllowed=y>

¹⁰³ Article 7 paragraph (1) of Law Number 12 of 2011 concerning the Establishment of Laws and Regulations as amended by Law Number 13 of 2022, Presidential Instruction is not included in the type of laws and regulations

includes: (1) the Constitution of the Republic of Indonesia of 1945; (2) Decree of the People's Consultative Assembly; (3) Government Laws/Regulations in lieu of Laws; (4) Government Regulations; (5) Presidential Regulation; (6) Provincial Regional Regulations; and (7) Regency/City Regional Regulations. The President's Instruction is not mentioned because it is an internal administrative policy.

Nevertheless, the Presidential Instruction has binding power on the officials named therein based on the relationship of the administrative hierarchy. The obligation to implement the Presidential Instruction comes from the authority of the President as the head of government who is authorized to coordinate and direct the implementation of government tasks. Article 4 paragraph (1) of the 1945 Constitution states that "*the President of the Republic of Indonesia holds the power of government according to the Constitution.*"¹⁰⁴ Based on this provision, the President has the authority to issue policies necessary in the context of the implementation of government, including policies related to the management of state finances.

The President's authority in the management of state finances is strengthened by Article 6 paragraph (1) of Law Number 17 of 2003 concerning State Finance which states, "*The President as the Head of Government holds the power to manage state finances as part of the government's power.*"¹⁰⁵ The power to manage the country's finances includes general and special authorities. General authority is the authority to set general directions and policies in the field of state financial management, while special authority includes technical decisions/policies related to state financial management determined by the President as the Head of Government.

¹⁰⁴ Article 4 paragraph (1) of the 1945 Constitution.

¹⁰⁵ Article 6 paragraph (1) of Law Number 17 of 2003 concerning State Finance.

In contrast to laws and regulations which are generally equipped with "Weighing" and "Remembering" considerations, the Presidential Instruction has a simpler format but still has a strong basis for consideration. Presidential Instruction Number 1 of 2025 was issued with the main consideration to carry out spending efficiency in the implementation of the budget contained in the State Budget and Regional Budget for the 2025 Fiscal Year.

The sociological considerations behind the issuance of this instruction can be identified from several aspects. First, there is an urgent need to optimize the use of the state budget amid limited revenue and high financing needs for government priority programs. Second, there is still room for efficiency in operational spending and capital expenditure that does not have a direct impact on essential public services. Data from the Audit Board (BPK) shows that the realization of the budget in 2023 has not been optimal at both the central and regional government levels. The realization of central government spending only reached 74% or around Rp1,662.38 trillion from the set ceiling, while the realization of local government spending only reached 64 percent or Rp820.71 trillion.¹⁰⁶

The low rate of budget absorption indicates several fundamental problems. According to the *Economist Center of Reform on Economics* (CORE) Indonesia, the slow realization of central and regional government spending is caused by the slow execution of budget realization and immature planning.¹⁰⁷ This immature planning

¹⁰⁶ Suherman, Tri Laksono Kurnia, and Syaifullah, "Efficiency Policy in Indonesia's State Budget Management in 2025 Reviewed from Law Number 17 of 2003 on Justice: Transparency and Accountability as an Efficiency Policy," *Journal article*, University of 45 Mataram, 2025. https://www.researchgate.net/publication/395856641_Kebijakan_Efisiensi_Dalam_Pengelolaan_Anggaran_Negara_Indonesia_Tahun_2025_Ditinjau_Dari_Undang-Undang_Nomor_17_Tahun_2003_Yang_Berkeadilan

¹⁰⁷ Eka Budiyantri, "Low Government Budget Realization Towards the End of 2023," Issue of the Week in the Equities Field of Commission XI of the House of Representatives of the Republic of Indonesia, 9.

problem often results in budget allocation that is not in accordance with the real needs in the field, so that at the end of the fiscal year there is still a considerable budget left that must be returned to the state treasury.

Third, the need for quick and coordinated steps in carrying out efficiency considering that the budget year has been running and the time available to make adjustments is limited. In contrast to the mechanism for changing the State Budget through the Revised State Budget which requires a long discussion time with the House of Representatives, the Presidential Instruction can be immediately implemented to provide direction to all levels of government to carry out efficiency in a coordinated manner.

Fourth, there is increasingly heavy fiscal pressure due to uncertain global economic conditions as described earlier. The government needs to take anticipatory measures to maintain fiscal sustainability and prevent the budget deficit from swelling. The option to do efficiency is seen as better compared to the option to increase government debt that could burden future generations.

Fifth, there are public demands for better, transparent, and accountable state financial governance. Various cases of budget waste revealed through BPK audits and the mass media have lowered public trust in state financial management.¹⁰⁸ The efficiency measures taken by the new government are expected to give a positive signal to the public that the government is serious about managing state finances, especially in managing state budget expenditures to be more effective, accountable through the

¹⁰⁸ West Sumatra Representative Financial Audit Agency, "BPK Finds Waste of 2.2 Billion State Money in the South Coast DPRD, From Allowances to Official Trips," *sumbar.bpk.go.id* , accessed December 1, 2025. <https://sumbar.bpk.go.id/bpk-temukan-pemborosan-22-m-uang-negara-di-dprd-pesisir-selatan-mulai-tunjangan-hingga-perjalanan-dinas/>

audit function of BPK RI, and stable in Bank Indonesia's monetary control amid global economic uncertainty.

Presidential Instruction Number 1 of 2025 regulates the efficiency of state and regional spending by establishing a review mandate and budget allocation map, expenditure, as well as coordination and supervision mechanisms between institutions.¹⁰⁹ The mandate for budget evaluation is contained in the First Dictum:

*"The efficiency of the budget is carried out through a review according to the respective duties, functions, and authorities regarding: (1) Ministries/Institutions in the State Budget for Fiscal Year 2025; (2) APBD for Fiscal Year 2025; and (3) Transfer to the Regions including Village Funds in the State Budget for the 2025 Fiscal Year"*¹¹⁰

This dictum serves as a legal basis in administration because it officially regulates the budget objects that must be reviewed and shows that the right to conduct a review is owned by the budget implementer according to the executive order, both at the central and regional levels. However, the Presidential Instruction does not regulate efficiency in the form of numbers or audit performance standards directly in its provisions. The duties of ministries, heads of institutions, and regional heads are more appropriately understood as implementing administrative reviews based on existing authority, rather than as independent supervisors of inefficiencies that occur. Criticism of the potential *defensive bias* in this process that may arise in the budget implementation unit remains relevant, given that efficiency is often understood as a reduction in capacity, rather than as an optimization of output. The final decision on the level of efficiency is not only stopped in the internal review process, but is further

¹⁰⁹ President of the Republic of Indonesia, *Presidential Instruction No. 1 of 2025 concerning State and Regional Expenditure Efficiency*, Jakarta: State Secretariat, 2025.

¹¹⁰ Presidential Instruction Number 1 of 2025 concerning the Expenditure Efficiency of the State Budget and Regional Budget.

determined by the Ministry of Finance based on central fiscal criteria and coordinated for regional expenditure through the Ministry of Home Affairs, with internal supervision by the BPKP and external audit by the BPK.

Second Dictum

"The state budget efficiency target for the 2025 Fiscal Year is: (a) IDR 256,100,000,000,000.00 for Ministries/Institutions spending; and (b) Rp50,595,177,420,000.00 for Transfers to Regions including Village Funds, with a total efficiency of Rp306,695,177,420,000.00"¹¹¹

In the Second Dictum, the President sets efficiency targets in the form of short-term spending control figures. Referring to the total state expenditure set in Law 62/2024 of around IDR 3,613 trillion (based on secondary fiscal analysis), the efficiency target set at IDR 306.6 trillion reflects around 8.5% of the overall budget. This percentage is not part of the norm of the Presidential Decree, but the result of an analytical conversion to show the proportion of policies in state spending. This dictum emphasizes nominal savings, but does not explain the design of non-productive employees, rationalization of benefits, or institutional simplification as explicit objects of policy reform, so that criticism that long-term optimization in the sector has not been touched normatively is an evaluation based on a modern fiscal perspective, not a direct description of the content of the Presidential Instruction. State institutions such as the TNI and the National Police are also subject to implementing policy efficiency because they are included in the central government's budget, while implementation supervision is carried out through internal mechanisms by the BPKP and externally by the BPK. The Presidential Instruction also does not clearly distinguish the burden of efficiency

¹¹¹ Presidential Instruction Number 1 of 2025 concerning Expenditure Efficiency.

between regions according to their fiscal capacity, which risks causing operational problems if the cutting approach is uniform. Regions such as the province of Papua, which face geographical challenges and high transportation costs, can become more vulnerable to fiscal operational disruptions if spending cuts do not take into account differences in regional needs and characteristics.

Third Dictum:

"The results of the announcement of the efficiency plan of the Ministry/Institution must be submitted to the partners of the DPR Commission for approval, before being submitted to the Minister of Finance in the form of a proposal for revision and blocking of the budget"¹¹²

The Third Dictum explains the participation of legislation in the ratification of the budget adjustment of the Ministry of Finance, which in administrative terms indicates the official path for the coordination of the central government's fiscal policy, but from the point of view of political law can transform technocratic decisions into a field of negotiation based on interests. The Presidential Instruction does not set parameter criteria for substantial ratification, so ratification is easier to measure through political agreement than arguments that focus on savings between inputs and outputs. Reliance on the dynamics of the relationship between the executive and the legislature creates consequences in the form of potential constituent dominance, non-technical-based negotiations, and an increased likelihood of informal transactions outside the framework of budget policy norms.

Fourth Dictum:

¹¹² Presidential Instruction Number 1 of 2025 concerning Expenditure Efficiency.

*"The Governor and Regent/Mayor to: (1) Limit spending on ceremonial activities, studies, comparative studies, printing, publications, and seminars/focus group discussions; (2) Reduce official travel expenses by 50% (fifty percent); (3) Limiting honorarium expenditure through the collection of the number of teams and the amount of honorarium in the Presidential Regulation on Regional Unit Price Standards; (4) Limiting expenditure that is in nature and does not have a range of outputs; (5) Limiting the allocation of the expenditure budget to the target of public service performance and not based on the equitable distribution between regional apparatus or based on the allocation of the expenditure budget in the previous year's budget."*¹¹³

The Fourth Dictum specifically regulates how to save expenses for local governments. The ban on ceremonial activities, studies, and comparative studies shows criticism of regional spending methods that are considered inefficient. Reducing the cost of business travel by up to 50% is the most obvious goal, assuming that half of the budget for business travel can be saved by using digital communication technology. The restriction of honorarium aims to avoid waste through the formation of ineffective teams. The instruction to focus on budgeting based on performance objectives and not based on equity between regional apparatus is an effort to change the approach from incremental budgeting to performance-based budgeting.

Fifth Dictum:

¹¹³ Presidential Instruction Number 1 of 2025 concerning Expenditure Efficiency.

*"The Minister of Home Affairs to: (a) monitor the efficiency of expenditures carried out by the Governor and Regent/Mayor in the implementation of the APBD for the 2025 Fiscal Year."*¹¹⁴

The Fifth Dictum gives special authority to the Minister of Finance and the Minister of Home Affairs. The Minister of Finance is authorized to determine the amount of efficiency for each Ministry/Institution, and must consider the characteristics and strategic functions of each agency. The details of the adjustment of the Transfer to the Regions show careful planning, with the largest cut in the Physical Special Allocation Fund of Rp18.3 trillion which has an impact on regional infrastructure development. The authority to block the budget on page III of the DIPA provides a clear technical mechanism for implementation efficiency. The Minister of Home Affairs acts as a supervisor of the implementation of efficiency at the regional level, ensuring that directives from the central are actually implemented while still paying attention to the principle of regional autonomy.

The implementation of Presidential Instruction Number 1 of 2025 regarding the aspect of supervision is clearly regulated in the Sixth Dictum:

*"The Head of the Financial and Development Supervisory Agency to supervise the implementation of this Presidential Instruction."*¹¹⁵

This dictum makes BPKP the only stakeholder in official supervision for the implementation of budget saving policies based on the internal supervision system by the executive (APIP).¹¹⁶ There is no other statement that assigns supervisory duties to

¹¹⁴ Presidential Instruction Number 1 of 2025 concerning Expenditure Efficiency.

¹¹⁵ Presidential Instruction Number 1 of 2025 concerning Expenditure Efficiency.

¹¹⁶ A. Ghazali, *Analysis of the Implementation of Inherent Supervision by the Government Internal Supervisory Apparatus (APIP) in the Budget Submission Process on Budget Efficiency: A Case Study at the Directorate General of Budget* (2020), 11. <https://repo.utmj.ac.id/xmlui/handle/123456789/3664>

the BPK nor includes the term "state external audit institution" in the Presidential Instruction's supervisory structure. Thus, the addition of entities other than BPKP in the "Final Article" norm will make the draft no longer reflect the supervisory design that has been set by policymakers.

In the closing part, the Presidential Instruction contains the principles of administrative-moral governance as follows:

*"Implement this Presidential Instruction with full responsibility and maintain good governance."*¹¹⁷

This final dictum does not aim to expand the examination of actors, but rather to emphasize the principles of binding management so that the efficiency process can run in an accountable, transparent manner, and prevent irregularities in the use of the budget after the cuts are applied. This clause provides a normative basis that efficiency should not create practices of corruption, collusion, and nepotism, while at the same time demanding the implementation of good financial management by the budget organizers, even though the Presidential Instruction does not establish Key Performance Indicators for minimum output protection as a legal measure.

To understand the legal politics dimension of Presidential Instruction Number 1 of 2025, the analysis in this study uses the theoretical framework of Mahfud MD which distinguishes legal politics into two dimensions, namely lawmaking policy *and* law enforcement policy.¹¹⁸ The dimension of law formation is related to the direction of policy, political will, and the choice of legal instruments used by the state in determining

¹¹⁷ ¹¹⁷ Ibid., Seventh Dictum

¹¹⁸ Mahfud MD, *Legal Politics in Indonesia*, Cet. 5th (Jakarta: Raja Grafindo, 2012), 1.

a policy. Meanwhile, the dimension of law implementation is related to how the policy is implemented in practice and the power relationship that affects its implementation.

In the dimension of law formation, Presidential Instruction Number 1 of 2025 reflects the government's political choice to prioritize the effectiveness and speed of fiscal policy implementation compared to legislation procedures involving the House of Representatives. The use of the Presidential Instruction as a policy instrument, instead of a mechanism to amend the State Budget through a law (APBN-P), shows the executive's orientation in quickly creating fiscal space to support the government's priority programs, including the Free Nutritious Meal program. The choice of this administrative instrument contains the meaning of executive dominance in determining the direction of state financial policy and has the potential to raise constitutional problems, considering that Article 23 paragraph (1) of the 1945 Constitution emphasizes that the State Budget and its amendments are stipulated by law.¹¹⁹

Meanwhile, in the dimension of law implementation, Presidential Instruction Number 1 of 2025 gives very broad authority to the Minister of Finance to set great efficiency and block the budget on page III of the Budget Implementation Entry List (DIPA) without a capable legislative supervision mechanism. The role of the House of Representatives in the implementation of this policy is limited to receiving reports, while the supervisory function is more carried out by the Financial and Development Supervisory Agency (BPKP) as an internal government institution. This pattern of implementation shows the centralization of fiscal authority in the executive branch and has the potential to raise accountability issues, especially if policy efficiency is not accompanied by a mechanism to safeguard the provision of essential public services.

¹¹⁹ Article 23 paragraph (1) of the Constitution of the Republic of Indonesia of 1945.

Mahfud MD emphasized that the law must be placed in the reality of power, because the law is a political product whose content is greatly influenced by the configuration of power when the law is formed.¹²⁰ In this case, Presidential Instruction Number 1 of 2025, the reality of this power is manifested in several aspects. First, the consolidation of government politics through the support of the majority of political parties in parliament strengthens the President in taking policies in a top-down manner with a relatively low level of resistance from political positions. This condition allows for the rapid and centralistic use of policy instruments without significant political barriers.

Second, economic pressure and public demands for acceleration program priorities encourage the government to choose budget efficiency policies as a short-term solution, even though these policies have the potential to ignore the principles of deliberative democracy. Third, the disproportionate distribution pattern of efficiency burdens indicates political considerations in its implementation, where sectors with weak political bargaining power, such as regional education, regional health, and infrastructure in disadvantaged areas, experience larger budget cuts than sectors that are more politically sensitive. Significant cuts in Physical Special Allocation Funds (DAK) have a direct impact on regional development capacity, which politically lacks strong influence at the central level.

Fourth, the inequality in central and regional relations is increasingly visible through the high dependence of regional fiscal on transfers from the central government, such as the General Allocation Fund, the Special Allocation Fund, and the Village Fund. This condition limits the space for regional fiscal autonomy and forces local governments to adjust development policies to central instructions, although it has

¹²⁰ Mahfud MD, *Legal Politics in Indonesia*, 295.

the potential to interfere with regional development priorities. Fifth, the lack of the role of independent external supervisory institutions, with BPKP more dominant than the Audit Board (BPK), has the potential to make policy efficiency just an administrative procedure without a guarantee of budget optimization for the public interest.

Based on the political analysis of the law, it can be concluded that Presidential Instruction Number 1 of 2025 is a policy product born from a political configuration that tends to be pragmatic, with the main orientation on the rapid creation of fiscal space. In the dimension of law formation, this policy reflects executive dominance through the use of administrative instruments to set the direction of budget policy that is constitutionally within the legislative domain. In the dimension of law implementation, the policy gives broad authority to the executive branch with a limited *checks and balances* mechanism. Overall, this fiscal policy practice shows a tendency to centralize executive power which, if not controlled, has the potential to erode the principles of deliberative democracy, public accountability, and the spirit of regional autonomy in the management of state finances.¹²¹

As a consequence of the political direction of budget efficiency determined through Presidential Instruction Number 1 of 2025, the government then approved the policy through various administrative implementation instruments. One of the main instruments is the Letter of the Minister of Finance Number S-37/MK.02/2025 concerning Budget Efficiency of Ministries/Institutions in the Implementation of the State Budget for the 2025 Fiscal Year.¹²²

¹²¹ Mahfud MD, *Legal Politics in Indonesia*, 352.

¹²² Ministry of Finance, *Letter of the Minister of Finance Number S-37/MK.02/2025 concerning Budget Efficiency of Ministries/Institutions in the Implementation of the State Budget for Fiscal Year 2025*, Jakarta: Ministry of Finance, 2025.

The Minister of Finance's letter serves as a technical guideline for the implementation of budget efficiency, which contains large savings and a mechanism for blocking budgets at the Ministry/Institution level. The existence of this letter shows that the budget efficiency policy does not only stop at the level of presidential orders as a political direction of law, but is also concretely realized through the centralization of fiscal authority in the Ministry of Finance in the dimension of law implementation.

Referring to the letter, there are 16 categories of expenditure that are efficiency targets with various percentages. The highest efficiency was applied to office stationery reaching 90%, followed by the printing and souvenir sector with an efficiency of 75.9%, and building rentals, vehicles, and equipment which reached 73.3%. In contrast, the lowest efficiency level was applied to maintenance and maintenance with a percentage of 10.2%.¹²³

Table 3.
Identify the Efficiency Plan

Number	Item	Efficiency Presentation
1	Office Stationery	90,0%
2	Ceremonial Activities	56,9%
3	Meetings, seminars and the like	45,0%
4	Research and analysis	51,5%
5	Training and Technical Guidance	29,0%
6	Honorarium output of professional activities and services	40,0%
7	Printing and Souvenirs	75,9%
8	Rent Buildings, Vehicles, Equipment	73,3%
9	Application License	21,6%
10	Consultant Services	45,7%
11	Government Assistance	16,7%
12	Maintenance and Maintenance	10,2%
13	Official Trip	53,9%
14	Equipment and machinery	28,0%

¹²³ Ibid., Appendix II, a table of percentage efficiency for each expenditure category.

15	Infrastructure	34,3%
16	Other Shopping	59,1%

The determination of varying efficiency percentages for each category of spending reflects that the government has conducted an in-depth analysis of which categories have a high likelihood of waste and which are relatively efficient. The procurement of office stationery that is subject to an efficiency of 90% shows that so far the procurement of ATK is considered very excessive and not in accordance with real needs. On the other hand, maintenance and maintenance that is only subject to an efficiency of 10.2% shows that the maintenance of state assets remains the focus so that existing assets can be well maintained and have a long lifespan.

Second, the Government made a Draft State Revenue and Expenditure Budget (RAPBN) for the 2026 Fiscal Year which was submitted by President Prabowo Subianto on August 15, 2025 to the House of Representatives. The 2026 State Budget is designed with a focus on "Food, Energy, and Economic Sovereignty" towards a resilient, independent, and prosperous Indonesia.¹²⁴ State revenue is targeted at IDR 3,147.7 trillion, while state expenditure is IDR 3,786.5 trillion, with a budget deficit of IDR 638.8 trillion or 2.48% of Gross Domestic Product (GDP).¹²⁵

Previously, Finance Minister Sri Mulyani Indrawati emphasized that budget efficiency will continue to be carried out in 2026, not just a continuation, but a firm

¹²⁴ Ministry of Finance, "State Budget for Fiscal Year 2026: Food, Energy, and Economic Sovereignty Towards a 'Resilient, Independent, and Prosperous Indonesia'," accessed December 1, 2025, <https://anggaran.kemenkeu.go.id/in/post/rapbn-tahun-anggaran-2026:-kedaulatan-pangan,-energi,-dan-ekonomi%E2%80%9D-menuju-%E2%80%9CIndonesia-tangguh,-mandiri,-dan-sejahtera%E2%80%9D>

¹²⁵ State Secretariat of the Republic of Indonesia, "Government Targets 2026 State Revenue to Reach Rp 31,477 Trillion," accessed December 1, 2025, https://www.setneg.go.id/baca/index/pemerintah_targetkan_penerimaan_negara_2026_capai_rp31477_triliun

commitment by the government to maintain the optimization of state spending.¹²⁶ This commitment is marked by the issuance of Minister of Finance Regulation (PMK) Number 56 of 2025 concerning Procedures for the Implementation of Expenditure Efficiency in the State Revenue and Expenditure Budget which was set on July 29, 2025 and came into effect on August 5, 2025.¹²⁷

The 2026 State Budget has been approved by all factions in the House of Representatives and passed into the 2026 State Budget Law, with full support from all factions to use this fiscal power agilely, creatively, and innovatively to truly bring prosperity to all Indonesian people.¹²⁸

The fundamental difference between the efficiency policy of 2025 and 2026 lies in its approach and orientation. The year 2025 implements administrative management and efficiency through Presidential Instruction Number 1 of 2025, while 2026 shows a shift towards investment and expansion strategies while still striving to maintain fiscal stability.¹²⁹ This reflects that the efficiencies undertaken by 2025 are intended to create fiscal space that can be used to support the government's priority programs in the coming years, especially flagship programs such as Free Nutritious Meals and the development of infrastructure strategies.

¹²⁶ EGINDO, "Budget Efficiency of the 2026 State Budget: Still Waiting for Presidential Direction," accessed December 2, 2025, <https://egindo.com/efisiensi-anggaran-rapbn-2026-masih-menant-arahan-presiden/>

¹²⁷ PMK 56/2025 concerning Procedures for the Implementation of Expenditure Efficiency in the State Revenue and Expenditure Budget, Ministry of Finance., <https://peraturan.bpk.go.id/Details/326151/pmk-no-56-tahun-2025>

¹²⁸ House of Representatives of the Republic of Indonesia, "All Factions in the House of Representatives Agree to Pass the 2026 State Budget Bill into Law," accessed December 2, 2025, <https://jdih.dpr.go.id/berita/detail/id/59605/t/Seluruh+Fraksi+di+DPR+Setuju+Sahkan+RUU+APBN+2026+Jad+UU>

¹²⁹ BALIPOST, "The 2026 State Budget is Designed to Be More Expansive, Here Are Some Differences with the 2025 State Budget," accessed December 2, 2025, <https://www.balipost.com/news/2025/09/27/492963/RAPBN-2026-Dirancang-Lebih-Ekspansif%2C...html>

C. *Siyasah Maliyah's Review of Budget Efficiency Policy in Presidential Instruction Number 1 of 2025*

1. Correlation of Efficiency Value with the *Siyasah Maliyah Principle* on State Financial Efficiency Policy.

Efficiency is one of the basic principles that requires that every use of public resources be carried out optimally, with maximum results and minimal waste. This principle is not only the principle of modern economics, but is also in line with the principle of *siyasah maliyah* in Islam, which is the politics of fair, trustworthy, and oriented public financial management that is fair, trustworthy, and oriented towards the benefit of the people.¹³⁰ The country's financial efficiency policy, as reflected in Presidential Instruction Number 1 of 2025 concerning the Efficiency and Effectiveness of Government Spending, basically seeks to realize economical, productive, and effective fiscal governance. However, in order to understand the depth of morality and philosophy, it is necessary to examine the relationship between the value of efficiency and the principles in *siyasah maliyah*.

According to the author, this is in accordance with the verses of the Qur'an and hadith which can be used as a theological and normative basis for the concept of efficiency (*al-itqān*, *al-iqtisād*, not *isrāf*) of state financial management or *siyasah māliyah* as stated in QS. Surah AlIsra' verses 26–27:

¹³⁰ Abiyyu Mufid Jadid Pasya, Idzam Fautanu, and Lutfi Fahrul Rizal, "Review of *Siyasah Maliyah* on Zakat Management Regulations at the Amil Zakat Institution of Rumah Zakat Bandung City Based on Law No.23 of 2011," *Rewang Rencang: Lex Generalis Legal Journal*, Vol.6, No.8 (2025), 21 <https://Jhlj.Rewangrancang.Com>

وَأْتِ ذَا الْقُرْبَىٰ حَقَّهُ وَالْمِسْكِينَ وَابْنَ السَّبِيلِ وَلَا تُبَذِّرْ تَبْذِيرًا (26) إِنَّ الْمُبَذِّرِينَ كَانُوا

إِخْوَانَ الشَّيَاطِينِ ۖ وَكَانَ الشَّيْطَانُ لِرَبِّهِ كَفُورًا (27)

Meaning: "And give to the near relatives their rights, to the poor and to the traveler; And do not squander (your wealth) extravagantly. Indeed, the extravagant are the brothers of Satan, and the devil is very disobedient to his Lord." ¹³¹

This verse affirms the prohibition of extravagance (*israf* and *tabzir*) in the use of property. In state financial policy, this paragraph is a moral basis so that the public budget is not used excessively, not on target, and not for personal interests.

وَالَّذِينَ إِذَا أَنْفَقُوا لَمْ يُسْرِفُوا وَلَمْ يَقْتُرُوا وَكَانَ بَيْنَ ذَلِكَ قَوَامًا

Meaning: "And those who spend (wealth) are not excessive or miserly, but between the two there is a balanced position." (QS. Al-Furqan: 67) ¹³²

Efficiency in Islam means a balance (*tawazun*) between expenditure and needs. This principle is the basis for *budget efficiency* in *siyasah maliyah*, where the state is obliged to spend assets proportionately and according to the priority of benefits as stated in QS. Al-A'raf: 31:

يَبْنَیٰۤ اٰدَمَ خُذُوْا زِيْنَتَكُمْ عِنْدَ كُلِّ مَسْجِدٍ وَكُلُوْا وَاشْرَبُوْا وَلَا تُسْرِفُوْا اِنَّهٗ لَا يُحِبُّ الْمُسْرِفِيْنَ ﴿٣١﴾

Meaning: "O son of Adam! Wear your beautiful clothes in every mosque, eat and drink, but do not overdo it. Indeed, Allah does not like those who are excessive." ¹³³

¹³¹ "Surah AlIsra Verses 26–27: Arabic, Latin, Translation and Tafsir," Tafsirweb, accessed November 26, 2025, <https://Tafsirweb.Com/37728-Surat-Al-Isra-Ayat-26-27.Html>

¹³² "Surah AlFurqan Verse 67," Quran Nu Online, accessed November 26, 2025, <https://Quran.Nu.Or.Id/Al-Furqan/67>

¹³³ "Surah AlA'raf Verse 31," Quran Online Erakini, accessed November 26, 2025, <https://Quran.Erakini.Id/Quran-Tajwid/Al-Araf/Ayat-31>

This verse shows that efficiency is not only important in the economy, but also in the way of life. The principle of avoiding waste is a value that applies everywhere that can guide the behavior of individuals and countries in utilizing resources.

إِنَّ اللَّهَ يُحِبُّ إِذَا عَمِلَ أَحَدُكُمْ عَمَلًا أَنْ يُتْقِنَهُ

Meaning: "Indeed, Allah loves a person who, when he does a work, he does it well (itqān)." (Narrated by al-Baihaqi in Shu'ab al-Iman, also narrated by Thabrani and Baihaqi).

This hadith is the basis for the value of efficiency and professionalism (*itqan*). In managing state finances, every apparatus is required to work carefully, responsibly, and optimally produce results, not just carrying out their duties. Efficiency in Islam includes spiritual, moral, and technocratic aspects. Not only save on the use of resources, but also keep away from waste, abuse, and negligence in maintaining trust.¹³⁴ The principle of efficiency is an instrument in *maqāṣid al-shari'ah*, especially in safeguarding property (*ḥifẓ al-māl*) and creating the common good (*maṣlaḥah 'āmmah*). In *Siyasah māliyah*, this verse and hadith become the normative legitimacy for the state's financial efficiency policy so that the government distributes the budget according to the priority of the people's benefit, not the interests of certain elites or groups.

2. Siyasah Maliyah's Analysis of the Budget Efficiency Policy of Presidential Instruction Number 1 of 2025 Abdul Wahab Khallaf's Perspective.

¹³⁴ Rina Isnayati Munfarida, *Reception of Iat Uin Saizu Purwokerto Students on the Meaning of Mubazir in the Qur'an* (Faculty of Ushuluddin, Adab and Humanities, Uin Prof. Kh Saifuddin Zuhri Purwokerto, 2025), 27. https://Repository.Uinsaizu.Ac.Id/32101/1/Rina%20Isnayati%20munfarida_Resepsi%20mahasiswa%20iat%20uin%20saizu%20purwokerto%20terhadap%20makna%20muba%C5%Bcir%C2%A0dalam%C2%A0al-Qur%E2%80%99an.Pdf

Presidential Instruction (Inpres) Number 1 of 2025 concerning the efficiency of state spending in the implementation of the State Revenue and Expenditure Budget (APBN) and the Regional Revenue and Expenditure Budget (APBD) is one of the government's efforts to improve fiscal management and realize effective, transparent, and result-oriented state financial governance). This policy emphasizes the importance of saving, eliminating unproductive programs, and strengthening national priorities, so that every budget allocation truly impacts the welfare of the community.

Normatively, this Presidential Instruction seems to be in line with the principle of efficiency in Islam, namely the economical and useful use of public property (*amwāl al-'āmmah*). But in practice, efficiency policies often raise the question of whether this efficiency is really directed at *maslahah 'āmmah* (the common good), or is it actually a fiscal political instrument that has the potential to suppress the social rights of certain communities?

According to Abdul Wahab Khallaf in his work *As-Siyasah asy-Syar'iyyah aw Nizām ad-Daulah al-Islāmiyyah*, *Siyasah Syar'iyyah* is the management of the affairs of the ummah based on the principles of sharia to achieve the common good (*tadbīr al-umūr bi masālih al-nās*).¹³⁵ State finance (*Siyasah Maliyah*) has a moral and legal responsibility to manage the people's assets in a trustworthy, fair, and efficient manner. Khallaf said that the ruler should not spend public property without a clear basis for benefits, because public property is not the personal property of officials or institutions, but the mandate of the people that must be used to meet basic needs, such as education, health, and social justice. He asserted:

"The actions of the ruler against his people must always be based on the benefits, and policies that deviate from the benefits are invalid policies"

¹³⁵ Fatmawati, *Fiqh Siyasah* (Makassar: Pustaka Almaida, 2015), 7.

according to the sharia'. "¹³⁶

From the perspective of *Siyasah Maliyah*, the efficiency policy of Presidential Instruction number 1 of 2025 can be seen as an implementation of the principles of *hifzh al-māl* (safeguarding property) and *maslahah 'āmmah* (public welfare).

Efficiency here has three main values according to the teachings of Abdul Wahab Khallaf:

1. Amanah (al-Amānah):

State officials are obliged to treat public property as a trust. Expenditure for ceremonial purposes, excessive official travel, or non-priority projects is a form of betrayal of the public trust. Allah SWT said in QS. An-Nisa verse 58:

إِنَّ اللَّهَ يَأْمُرُكُمْ أَنْ تُؤَدُّوا الْأَمَانَاتِ إِلَىٰ أَهْلِهَا

"Indeed, Allah has commanded you to entrust to those who have the right to receive it."

2. Keadilan (al-'Adl):

Efficiency must be balanced with fairness of distribution. Budget cuts should not only burden sectors that are in direct contact with small communities (such as education and health), while political and defense spending remains large. This principle of justice is in line with the rules of fiqh.

¹³⁶ Abdul Wahab Khallaf, *As-Siyasah Ash-Syar'Iyyah*, p. 13

"Special harms (certain individuals/groups) are borne to reject public harm."

This means that political spending or non-essential sectors that only benefit certain groups should be cut first to protect the public interest, especially vital sectors such as education and health that concern the livelihood of the masses.

3. Maslahah (*al-Maṣlahah*)

Efficiency must be directed to generate real benefits for the people, not just to balance the fiscal balance or display the image of a "frugal" government in front of the international public. Although efficiency policies seem ideal on paper, from the perspective of *Siyasah Maliyah* ala Abdul Wahab Khallaf, there are three fundamental criticisms of the implementation of this policy.

Efficiency in Presidential Instruction number 1 of 2025 is instructive from the central government without involving regional or community participation in determining expenditure priorities. In fact, in the concept of *Siyasah Maliyah*, the decision to manage the people's property should be participatory and benefit-oriented, because each region has different needs. This centralistic efficiency policy has the potential to ignore *the maslahah juz'iyah* (local benefit).

The efficiency instruction focuses more on reducing administrative and operational budgets, but has not touched on the substance aspects of public spending such as improving the quality of basic services. From Khallaf's point of view, true efficiency is the use of wealth to achieve the greatest benefit, not just a reduction in nominal spending. This means that efficiency without budget governance reform can

actually reduce the quality of public services and is not in accordance with *maqāṣid ash-shari'ah*.

Another criticism, according to the author, is the potential for inequality in efficiency priorities. Spending cuts are often directed more at the social sector than politics or defense. This is contrary to *the principle of al-'adl* upheld by Khallaf, where state finances must be managed proportionately based on the needs of the people's interests, not the interests of the bureaucratic elite.¹³⁷

The implementation of budget efficiency based on Islamic principles has been clearly demonstrated during the era of the Prophet (peace and blessings of Allaah be upon him) and Khulafaur Rashidin. Throughout the Prophet's time, the state's comprehensive fiscal resources were systematically collected and distributed through the Baitul Mal, located within the confines of the Prophet's Mosque. In the process of allocation, the Prophet (peace and blessings of Allaah be upon him) established basic criteria based on the needs of the time, in particular:

1. Defence financing
2. Distribution of zakat for those who are entitled
3. Salary payment of government employees
4. Payment of the national debt
5. Assistance for travelers

¹³⁷ Arisman and Lukmanul Hakim, "Islamic Political Sociology Thought of Abdul Wahhab Khallaf," (An-Nida', Vol. 45, No.1 2021), 15.

Although the substantial allocation of resources to defense financing during this period, attributed to the prevalence of warfare, it does not imply that funding related to public interests was neglected.¹³⁸

During the time of Khulafaur Rashid, especially under the leadership of Abu Bakr and Umar bin Khattab, the management of the state budget was carried out very efficiently, simply, and oriented towards the benefit of the people.¹³⁹ This efficiency can be seen from the limitation of the salaries of officials so that they are only limited to basic living needs, so that there is no waste and officials do not enjoy excessive facilities. State spending is also simplified by rejecting non-urgent spending, and prioritizing only important sectors such as security, public welfare, and the development of functional public infrastructure.

Umar bin Khattab then strengthened the state's financial administrative framework by establishing a centralized Baitul Mal and formulating a meticulous budget registry. This framework guarantees that state revenues and expenditures are systematically documented, reduces budget leakage, and facilitates the assessment of personnel salaries according to their respective responsibilities. Furthermore, the caliphs adopted a lifestyle characterized by modesty, avoiding the imposition of lavish facilities on the state budget, thereby upholding the integrity of the government and increasing public trust.¹⁴⁰

¹³⁸ Mike Oktaviana and Samsul Bahry Harahap, "Fiscal Policy in the Era of the Prophet and Khulafarasyidin," *Nazharat: Journal of Culture* 26, No. 01 (2020): 195. [6 Tinjauan+Rules\[1\].pdf](#)

¹³⁹ "Historical Analysis of the Implementation of Fiscal Policy in the Era of Abu Bakr and Umar Bin Khattab Governments and Their Relevance to Indonesia," *JOVISHE: Journal of Visionary Sharia Economy* (2024): 375, <https://journal.makwafoundation.org/index.php/jovishe/article/view/313/410>.

¹⁴⁰ A Historical Analysis of the Implementation of Fiscal Policy in the Era of the Reigns of Abu Bakr and Umar Bin Khattab and Its Relevance to Indonesia," *JOVISHE: Journal of Visionary Sharia Economy* (2024): 375.

This approach then becomes a reference in determining the budget based on priorities and urgency, but still does not ignore the interests of the community.

3. Solution Ideas for the Design of the *Ius Constituendum* Budget Efficiency Policy **Presidential Instruction Number 1 of 2025 Based on the Principle of *Maliyah*** ***Siyasah***

Based on the above analysis, several improvement steps (*constituendum*) need to be taken so that the budget efficiency policy is more in line with the principle of *siyasah maliyah*:

First, In the perspective of *Siyasah Maliyah*, the principle of *as-sharia* requires the state to formulate public financial policies in a constitutional and ethical manner, thus refraining from exceeding the limits of its authority. As a result, the design of efficiency policies within the budget framework should not be enacted through a Presidential Instruction that significantly changes the essence of the State Budget, as such actions blatantly show a tendency towards excessive executive reach. Instead, the implementation of efficiency policies must be carried out through the revision process of the State Budget-P to validate the legality of the amendment and involve Parliament as the holder of *power of the purse*.¹⁴¹ Thus, the new policy design will be in line with sharia principles in terms of legal compliance (*iltizam bi al-qanun*) while ensuring that budget management remains within the framework of public trust. This model not only returns the budgeting process to a constitutional trajectory but also protects the

¹⁴¹ Ferguson, E. J. (2014). *The Power Of The Purse: A History Of American Public Finance, 1776-1790*. UNC Press Books.

government from the pitfalls of fiscal centralization, which is contrary to the essence of sharia and the basic principles of the contemporary financial system.¹⁴²

Second, the al-'Principle requires that budget efficiency policies be carried out proportionately, do not burden vital sectors, and do not cause inequality between the central and regional governments. In this regard, the design of the budget efficiency policy constituendums¹⁴³ must ensure that fiscal reductions are not applied uniformly and coercively, especially in light of the criticisms arising from the enactment of Presidential Instruction No. 1 of 2025, which mandates unilateral reductions in the budgets of ministries and institutions, as well as transfers to local governments. The optimal approach to efficiency should focus on eliminating unproductive expenditures, such as those associated with travel, ceremonial meetings, non-essential procurement, and initiatives that fail to produce development outputs.¹⁴⁴ Instead, expenditures allocated to education, health care, social protection, and basic services should be strictly protected from cuts, as these domains serve as important social instruments for the preservation of justice and the well-being of society. In addition, the principle of equality requires that ministries, agencies, and local government bodies be empowered with autonomy to ensure their own efficiency allocations, based on a thorough analysis of internal requirements, thereby ensuring that such efficiency measures do not adversely affect areas characterized by limited fiscal capacity or ministries/agencies responsible for providing essential services.

¹⁴² Schmidtke, S. (2003). Studies On Sa'd B. Manshûr Ibn Kammûna (D. 683/1284): Beginnings, Achievements, And Perspectives. *Persica*, 19(1), 107-123.

¹⁴³ Sanny, H. (2021). *Preventive Review of the Constitutional Court of the Republic of Indonesia as an Ius Constituendum* (Doctoral Dissertation, Universitas Kristen Indonesia).

¹⁴⁴ Royani, R. (2025). *Philosophy of Sharia Economic Law: Epistemological Foundations and Contemporary Implementation*. Digital Publishing Trends.

Third, the principle of *non-israf* in *Siyasah Maliyah* mandates that the state refrain from spending extravagant expenditures and guarantees that every public financial expenditure has a benefit value that exceeds the cost incurred.¹⁴⁵ To achieve this goal, the constituent formulation of efficiency policies must be based on a rigorous analytical framework, not simply a directive for numerical reduction. The government is obliged to establish *the National Spending Efficiency Standards* (NSES) which includes objective metrics relating to service travel spending limits, standards for procurement pricing, priority procurement lists, as well as lists for non-budget purchases. In addition, efficiency policies should be combined with performance-based budgeting methodologies, ensuring that reductions are based on indicators of output, outcomes, and development impacts, not just administrative ratios.¹⁴⁶ In addition, efficiency audits conducted by the BPK or the government's internal oversight mechanisms are essential before the implementation of the policy, to ensure that the reductions do not spread persistent inefficiencies, such as delays or critical projects or public service obstructions. With this approach, efficiency will really overcome *israf*, instead of giving birth to a new kind of waste.

Fourth, *Siyasah Maliyah* emphasized that the management of public assets must be carried out with the principles of *as-syafafiyah*, namely transparency, accountability, and public involvement. Therefore, the design of the budget efficiency policy *constituendums* must facilitate the widest possible access to information to the public, the DPR, BPK, KPK, and other supervisory institutions. The government needs to build

¹⁴⁵ Muhammad Fadli, "Islamic Public Finance: A Pillar of Fair and Sustainable State Expenditure Management," Kompasiana, January 13, 2025, accessed November 26, 2025, <https://www.kompasiana.com/muhammadfadli9411/6784d5a6c925c46bda691112/Keuangan-Publik-Islam-Pilar-Pengelolaan-Pengeluaran-Negara-Yang-Adil-Dan-Berkelanjutan>

¹⁴⁶ Sitti Hikma Suciati, "Budget Efficiency and Task Force Performance: A Review of the Value of Ikpa Bbpom Makassar in Following Up on Presidential Instruction No. 1 of 2025," (Mutawazzin: Journal of Sharia Economics Iain Sultan Amai Gorontalo, 2025): 148. <https://doi.org/10.54045/Mutawazin.V6i1.3025>

a national dashboard of budget efficiency that contains data on deductions per ministry/institution and region, the basis for calculation, impact analysis, and progress in efficiency realization. This public-based oversight will minimize the potential for efficiency manipulation, unauthorized budget diversion, or the use of efficiency as a political tool. In addition, it is important to establish public consultation forums and maintain consistent dialogue among central, regional, and parliamentary authorities to ensure that efficiency policies truly reflect communal needs rather than unilateral executive interests.¹⁴⁷ With the application of the strong *principle of intercession*, budget efficiency policies will develop into accountable democratic instruments, not just functioning as strict administrative mandates.¹⁴⁸

¹⁴⁷ Putri, H. F., Musa, A., & Hasnita, N. (2025). SWOT Analysis of the Utilization of Digital Transactions on the Development of MSMEs in the City of Banda Aceh in the Perspective of Sharia Economics. *Integrative Perspectives Of Social And Science Journal*, 2(03 July), 5574-5591.

¹⁴⁸ Putri, S. D., & Febriani, S. H. (2025, August). Flexibility Budgeting in the Perspective of Islamic Economics: Adaptive Solutions to Face Economic Uncertainty. In *Gunung Djati Conference Series* (Vol. 56, pp. 133-138).

CHAPTER IV

CONCLUSION

A. Conclusion

Conclusions that can be drawn in this study:

1. The legal politics of state financial efficiency policies in Presidential Instruction Number 1 of 2025 are directed at controlling state spending to maintain fiscal stability and reduce the country's financial burden amid global and national economic pressures. The policy direction is realized through the use of presidential administrative instruments that are ordered to reduce and limit the expenditure of ministries/institutions and local governments without going through the mechanism of amending the State Revenue and Expenditure Budget with the House of Representatives (DPR). This condition shows that financial efficiency is placed as a priority for fiscal policy with a centralistic and executive-centric approach, which has implications for the weakening of the legislative oversight function and raises the issue of constitutional legitimacy in state financial governance.
2. From *Siyasah Maliyah*'s perspective, the budget efficiency policy in Presidential Instruction Number 1 of 2025 is normatively in line with the principle of anti-waste (*israf*), but it does not fully meet the principles of justice, transparency, accountability, and legal legitimacy. Efficiency of expenditure directed at reducing waste reflects the value of *maslahah*, but its implementation shows distributive injustice, lack of transparency in setting efficiency targets, and weak independent oversight mechanisms. In the framework of Abdul Wahab Khallaf's thinking, the ideal efficiency is not only focused on budget savings, but must also be implemented in a fair, constitutional, and responsible manner to realize

the benefits of the people. Therefore, the efficiency policy in Presidential Instruction Number 1 of 2025 still needs reformulation to be completely in line with the principles of *Siyasah Maliyah* in state financial management.

B. Suggestions

1. It is appropriate for the next researcher to expand the object of the study of the political law of fiscal executive by not only focusing on Presidential Instruction Number 1 of 2025. The object of the research may include other discretionary policy instruments (such as Presidential Regulations, Circular Letters of the Minister of Finance, or Ministerial Decrees) related to the control of state or regional spending. This aims to comprehensively analyze the pattern of *ultra vires* or *legislation by executive* in the state fiscal realm, especially those that have the potential to interfere with the constitutional legitimacy of the State Budget.
2. The suggestion for the government as a policymaker is expected to ensure that any efficiency policy that has an impact on the structure of the state budget continues to follow the constitutional corridor as stipulated in Article 23 of the 1945 Constitution, namely through a joint legislation mechanism of the House of Representatives, not through administrative instruments such as presidential instructions. In its implementation, efficiency policies should be data-based, carried out in a participatory manner, and not too centralised so as not to cause inequality between ministries or institutions. The government also needs to increase fiscal transparency through the delivery of comprehensive public information on efficiency indicators, processes, and impacts, as well as maintain a balance between budget savings and fairness in public services so that the principles of trust, fairness, and benefits are maintained.

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2022-2026 : UIN Maulana Malik Ibrahim Malang

Organizational Experience

2022-2023 : Public Relations Division of Gema Gita Bahana Student Choir (PSM GGB)
2022-2023 : Member of MC JDFI (Jam'iyah Da'wah Wal Fan Islami) MSAA
2023-2025 : Bureau of Research, Authorship and Mooting Law Student Mootcourt Faculty of Sharia
2023-2024 : Journalist of the Faculty of Sharia
2024-2025 : Treasurer of the Faculty of Sharia Ambassador
2023-2025 : West Java Student and Student Family Social and Cultural Division (KAMAPA)

Achievements That Have Been Achieved

2023 : 1st Place Gold Medal (Folklore Song) and (Natinal Song) The 1st One Voice National Choir Festival UIN Sayyid Rahmatullah Tulungagung
2023 : Gold Medal in the Regional Song Category "23rd Malaysian Choral Eisteddfod 2023"
2024 : Top 10 Finalists of Beauty Muslimah East Java 2024-2025
2024 : Runner Up Ambassador of the Faculty of Sayriah 2024-2025

Activities/Training/Internships

2023 : Pre-Employment Training Develops Social Media Content To Become Digital Marketing Specialists

Publication of Scientific Papers

2023 : The Inner Story of the Qur'an and Its Relevance in the Development of Contemporary Islamic Law, Al-Bayan Journal