

# THE RELATIONS BETWEEN FISCAL AND MONETARY POLICY IN STATE BUDGET MANAGEMENT IN INDONESIA ACCORDING TO ABU UBAID AL QASIM BIN SALAM

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**THE RELATIONS BETWEEN FISCAL AND MONETARY POLICY IN STATE  
 BUDGET MANAGEMENT IN INDONESIA ACCORDING TO  
 ABU UBAID AL QASIM BIN SALAM**

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Information	Abstract:
<b>Article History:</b>	<p><i>The study aim to analyze fiscal and monetary policy in the management of indonesia's state budget according to Abu Ubaid Al-Qasim. This research takes the form of a historical figure, namely historical research on one of the lives of a person that includes ideas, thoughts, as well as influential things in the formation of his thoughts. Thus the method used in this study is the library (research Library) with the object of research is Abu Ubaid Al-Qasim about his thoughts on the economic development of Islam, which is analyzed from his work al-Amwal. To obtain data through In this research, the primary data collection is carried out by analyzing journal, and some books which reevan to this research. The result of this study is that fiscal and monter policy that runs in Indoensia in managing the State Budget is considered not to be running effectively and has not been able to solve the problem of the State because the system used contains usury. Thus, the mechanism of conformity according to Islam from abuubaid's view brings the right solution that the instrument is like zakat, jizyah, khumus, kharaj into a very effective management instrument of state budget and finance because the proper allocation according to the needs of the State and does not contain usury. Research Limitations of this research is limited by examining how fiscal and monetary policy in managing finance and state budget according to Abu Ubaid Al-Qasim in his Book al-Amwal by looking at the phenomena of financial management centered in BaitulMaal during the time of Prophet Muhammad and his caliphs.</i></p>
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## A. INTRODUCTION

A country can be said to be a developed country if it has a high level of social welfare. In realizing this welfare, the government tries to compile the State Revenue and Expenditure Budget (APBN) as the main tool for the welfare of its people as well as for managing the country's economy. This is regulated in a policy carried out by the government to direct the economy in a better direction by changing government income and expenditure which is called a fiscal policy. (Seftarita, 2014). But its entities run with capitalist concepts. (Febriani & Jalaluddin, 2017) In a capitalistic economy, wealth is almost anything of monetary value that one accumulates in sufficient quantity. Rights to wealth determine the relative power and rank of a person (Possumah & Ismail, 2012). It is this capitalist concept that will cause the Country to be far from prosperous. They assume that the age is evolving so that the need for ideas to be presented guidelines that correspond to the age that increasingly continues to be developed by economic actors globally.

State Expenditures divide into primary and secondary expenditure items, these are because the division is beginning of the current modern state budget system (Haryanto, 2016). Then, seen from the financing of the state budget definition itself, the government is still using foreign debt instruments that contain elements of usury which greatly weakens the APBN's ability to pay its principal debt and interest instalments. Apart from that, the funding has not prioritized the welfare of the people, this can be seen from the 2010-2015 APBN expenditure budget post which has swelled in the military defence budget post. In terms of state revenue, one of them is that taxes are considered unfair in terms of collection, and the privatization of BUMNs that occurs is detrimental to the state (Fatturroyhan & Afif, 2017). So that the management of the APBN in Indonesia is still very problematic if the APBN is in trouble, the country's economy is also problematic, it will have a negative impact on the welfare of its people.

In addition, the monetary policy strategy used as a financial stabilizer in Indonesia uses the Targeting Inflation system to keep inflation within the announced target range, by using an interest rate policy instrument. In fact, this has not been fully expected to improve the economy because the government uses the interest rate

channel to meet the set inflation target. So that simultaneously it can affect other macroeconomic variables so that other, more comprehensive policies are still needed in order to obtain maximum results (Sriyono, 2013). So that <sup>13</sup> the government policies set forth in the form of the State Budget are in fact opposite to the role of the government which is supposed to create welfare for the people (Jaelani, 2016). So that this policy has not been able to solve the problems that occur.

Sharia economics presents the right solution in equalizing the well-being of its people. This is proven by the history of Islamic success as a witness to the success of the economic system and proper management so that the creation of welfare and prosperity in its people. Because Islam teaches that a country has a role to play <sup>4</sup> in order to continue the prophetic mission, <sup>4</sup> namely the achievement of *al-maqashid al-shari'ah* (sharia purposes). Islam teaches that all finances are concentrated in Baitul Mal. Because *baitul maal* is a special institution that handles the property received by the State and allocates it to Muslims who are entitled to receive it. So that <sup>15</sup> every property, whether in the form of land, buildings, mining goods, money, or other <sup>15</sup> property in which Muslims are entitled to it in accordance with sharia law', which is not determined by the individual owner, even if it is determined the type of property; then the property is the right of Baitul Mal muslims (Syahputra, 2013). Where economic management uses the concept of balance budget and is judged successful in increasing the state budget (Ghozali& Khoirunnisa, 2018).

The success of *baitul maal* can be seen during the time of Rasulullah saw, Kahalifah Umar bin Khatab, Umar bin Abdul Aziz where no poor people were found in his era. By looking at the phenomenon that occurred, the State financial mechanism that was implemented in the era of the Prophet was running smoothly. Every instrument of State income was able to solve the existing problems. This is a big concern where Indonesia, with the existing mechanisms, is considered unable to resolve its economic problems. So that here the researcher wants to see how financial management in Indonesia is according to Abu Ubaid Al-Qasim in managing the state budget.

## B. LITERATUR REVIEW

### The Relationship between Fiscal and Monetary Policy in State Budget Management in Indonesia

Fiscal policies <sup>10</sup> carried out by the government to direct the economy in a better direction by changing government revenues and expenditures. Tool for allocating public goods (allocation), serves as a tool for income distribution (distribution), and a tool for economic stabilization. (Seftarita, 2014). The objective of fiscal policy that prioritizes economic growth can result in a budget deficit that can endanger macroeconomic stability. The impact of chronic fiscal deficits and large government debt can have several consequences. *First*, the fiscal deficit can increase the debt ratio so that it can increase the debt burden and reduce productive investment. *Second*, an increase in the number of bonds issued to cover the fiscal deficit will create a crowding-out effect, namely a decrease in productive private investment, thus endangering the sustainability of economic growth. *Third*, a chronic government budget deficit can lead to high inflation. (Simorangkir, 2007).

Fiscal policy in Indonesia applies to state income and expenditure, state income is seen from two things, namely tax and non-tax revenues. First, <sup>19</sup> tax revenues include income tax (PPH oil and non-oil and gas), value added tax, excise, BPHTB, <sup>19</sup> land and building taxes and other taxes. International trade taxes include import and export duties. Second, for non-tax revenues, consisting of SDA (natural resources) revenues including oil and gas and non-oil and gas, BUMN (State-Owned Enterprises) profits, BLU (Public Service Agency) revenues, and other non-tax state revenue (PNBP). Another source of income is grants (Jantan, Azam, & Razak, 2010). Some of the aspects above are considered not running optimally. Tax, Indonesia's 2010-2015 tax collection is not considered fair because the state has not distributed the tax burden fairly among people who can afford to pay taxes because there is no press freedom to expose government taxation to expenditure policies. (Afif & Fatturoyhan, 2017, p. 7).

This budget policy becomes <sup>23</sup> an economic policy in order to direct economic conditions for the better by changing government revenues and expenditures. So there are several things that the government needs to pay attention to, according to <sup>4</sup> Samuelson, the government has played an increasing role in the modern mixed

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economy system. This is reflected in, first, the growth in government spending, secondly, the distribution of income by the State, and the third is the direct regulation of economic life. So that the government must make more use of government functions reflected in government activities including, first, direct supervision. second, social consumption of public goods. Third, the stability of state financial and monetary policies. Fourth, government production. Fifth, welfare expenditure. (Jaelani, 2016). Because of some problems there are several phenomena of political involvement in the management of state budgets among the House of Representatives, where the House of Representatives becomes a council that has the authority to make budget changes, considered ineffective, resulting in corruption in both private and group. (Jaelani, 2016).

Meanwhile, monetary policy is monetary policy as part of macro policy which aims to control the stability of currency values. If the stability of economic activity is disturbed, what can be used is monetary policy to restore it (Sriyono, 2013). The main objective of monetary policy is to emphasize price stability, on the basis of several considerations. *First*, if the output is determined by the economic capacity in the long run, any policies that promote economic growth will create inflation so that it will not affect real economic growth. *Second*, the rational economic agent understands that the surprise actions of policy makers in stimulating economic growth that drive inflation can lead to time-consistency problems.) *Third*, monetary policy influencing economic variables takes a long time. *Fourth*, price stability can promote a better economic climate because it will reduce costs arising from inflation (Simorangkir, 2007).

Because Indonesia, after going through the financial crisis, the government began to use a monetary policy with the Inflation Targeting system where the government used the interest rate channel to meet the set inflation target. According to Adiwarmar Karim the occurrence of inflation when experiencing general price increases of goods/ commodities and services during a certain period of time. (Karim, 2015). This can be calculated based on the calculation of a group of goods and services consumed by the majority of the population. (Anggraini, et.al, 2018)

So that the importance of coordination between monetary and fiscal policies cannot be separated from the achievement of the objectives of each of these policies



11 which are very important. According to the Act, Bank Indonesia has a single objective, namely to achieve and maintain the stability of the currency value.

*"The stability of the value of the rupiah as referred to in this article is the stability of the value of the rupiah for goods and services, as well as against currencies of other countries, reflected in the development of the inflation rate. While the stability of the rupiah against other countries' currencies is measured by or reflected in developments in the exchange rate of the rupiah against the currencies of other countries.."* (Undang-undang, 1999).

11 The stability of the value of the rupiah is very important to support sustainable economic development and improve the welfare of the people so that Bank Indonesia has the authority to regulate monetary policy in Indonesia. Meanwhile, the Ministry of Finance which is responsible for fiscal policy as well as the Government regularly holds Coordination Meetings to discuss the latest economic developments. In addition, coordination of fiscal and monetary policies is also carried out in the joint formulation of Macro Assumptions in the State Revenue and Expenditure Budget (APBN) which are discussed jointly at the DPR. Apart from that, the Government also coordinates with Bank Indonesia in managing the State Debt.

Aan Jaelani in his journal quoted Harvey S. Rossen's opinion that 16 modern public finance focuses on the microeconomic functions of government, how the government performs and regulates the allocation of sources and distribution of income. On another important part, the government's macroeconomic function is related to the use of taxes, expenditures, and monetary policy at the unemployment settlement level and the price level. (Jaelani Aan, 2016) It is hoped that this can resolve the country's problems in the midst of a pandemic like this.

### Biography and Thoughts of Abu Ubaid Al Qasim bin Salam

24 Abu Ubaid al-Qasim bin Sallam bin Miskin bin Zaid al-Harawi al-Azadi al-Baghdadi. He was born in 150 H in the city of Harrah, Khurasan, northwest of Afghanistan. His thinking in the field of fiqh was influenced by the Hanafi School at the age of 20 he traveled to various cities such as Kufah, Basrah, and Baghdad to study. The sciences he learned, among others, were as follows Nahwu, Sharaf, qira'ah,  
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tafsir, hadith and fiqh. Caliph Harun al Rashid appointed Abu Ubaid as qadi (judge) in Tarsus until 210 H. He remained in Makkah in 219 H until his death in 224 H. Abu Ubaid was a *muhaddits* (hadith scholars) and legendary jurists. His gait during his qadi service in Tarsus was remarkable. He has excellent performance; this is evidenced by his ability in dealing with various complex land and taxation cases. He was also a translator (translator) of Persian to Arabic in the study of translating books. Abu Ubaid's thinking was influenced by <sup>6</sup> Abu Amr Abdurrahman ibn Amr Al-Awza'i and other Syrian scholars during his time as a qadi in Tarsus. He often quotes Amr's opinion in the book Al-Amwal. This, among others, can be traced from Abu Ubaid's observations on military, political, and fiscal issues faced by the giver. originally from the Tarsus region He often quotes Amr's opinion in the book Al-Amwal. This, among others, can be traced from Abu Ubaid's observations on military, political, and fiscal issues faced by the giver. originally from the Tarsus region He often quotes Amr's opinion in the book Al-Amwal. This, among others, can be traced from Abu Ubaid's observations on military, political, and fiscal issues faced by the giver. originally from the Tarsus region. (Febriani, 2017).

Islam sees that all human economic activities are not only aimed at satisfying physical needs, but humans also have a responsibility to the creator. Happiness in this world and in the hereafter cannot be obtained, but if the teachings of Islam are implemented thoroughly, equitably and fairly (Syamsuri, 2019). <sup>9</sup> Abu Ubaid in the Book of Al-Amwal which emphasizes the concept of eternity, <sup>9</sup> he explained that the <sup>9</sup> distribution of wealth must be done fairly and equitably with the principles of fiscal justice that are good and as perfect as possible. So that Ibn Ubaid emphasizes the principle of justice towards public finances of a country, <sup>6</sup> he also offers the concept of "tax system based on social justice", <sup>6</sup> or tax collection must be based on a fair system. <sup>6</sup> So that taxes do not become an instrument of exploitation of the people. According to Taufik Hidayat's research in his journal, <sup>6</sup> Ibn Ubaid is actually a prolific jurist. So that he consistently uses fiqh reasoning in elaborating economic issues. In addition, the economic concept offered by Ibn Ubaid is fragmented or fragmented. So that he is more concerned about discussing public finance. (Hidayat, 2019).

Some sources of income of the State Basically the source of income of the state according to Islam in the time of the Prophet SAW. *First*, zakat according to Abu Ubaid



is actually a source of national income not only limited to zakat alone. The reason is that zakat itself is only prescribed in the eighth year of Hijri. He said that *shadaqah* income is the most important element of the Islamic income system. (Jaelani, 2015). This is because the state revenue that comes from zakat can be in the form of cash, agricultural products and livestock products. Peru is known that in a country that has an Islamic government system, the state is very obliged to oversee the implementation of zakat. The state has the right to force those who refuse to give zakat if they are at the level of obligation to pay zakat. Especially if you consider the condition of the society which is generally weak in economy.

The second, *ghanimah*, is the national income derived from the victories of war. Four-fifths (4/5) were distributed to the soldiers who participated in the war, while one-fifth were given to Allah, His Messenger, close relatives of the Prophet, orphans, the poor and *Ibn Sabil*. In the context of the modern economy, this post office can classify confiscated goods due to violations of international law as *ghanimah* goods.

Third, *khumus*. *Khumus* or a fifth of the opinion of the *ghanimah* due to military expeditions justified by sharia, and then by the state can be used as development costs. However, it needs to be careful in its use because the rules for division are clear, as in the paragraph above. *Khumus*, can also be obtained from goods found (treasure) as happened in the period of the Prophet.

Fourth, *fay'*. *Fay'* is the same as *ghanimah*. But the difference is, *ghanimah* is obtained after winning in war. Meanwhile, *fay'* is not with bloodshed. (Al Qasim, 1988)

Fifth, *jizyah*. *Jizyah* is a tax that only applies to wealthy non-Muslim citizens (Al Qasim, 1988). Those who cannot afford such as those who are aged, disabled, and those who have problems in the economy will be free from this obligation. Even in certain cases, the state must fulfil the needs of these non-Muslim residents due to their inability to fulfil their minimum needs, as long as the population is willing to participate in Islamic governance. This is closely related to the first function of the state. So the fulfilment of needs is not limited to the Muslim population only.

Sixth, *kharaj*. *Kharaj* is a special tax imposed by the State on productive land owned by the people. In the early era of Islam, *kharaj* as land tax was collected from non-Muslims when Khaybar was conquered. The land was taken over by the Muslims

and the owner offered to cultivate the land in lieu of land rent and was willing to give part of the production to the state. The amount of *kharaj* is fixed, that is, half of the production. (Rahman, 2015). Payment of *kharaj* as security for the soul, property, worship and property of the independent or slaves living in the territory of Islamic rule. (Ghozali & Khoirunnisa, 2018).

The above financial resources are the main source of *baitul-maal* which is the center of State finance. At that time, the *baitul-maal* was centered in the Prophet's Mosque, so that during the reign of the Prophet, besides being used as a place of worship, the mosque was also used as the head office of the country which was also the residence of the Prophet. (Karim, 2014). In the financial management mechanism in *baitul-maal* where all the results of the collection of the state must be collected first and then spent according to the needs of the state. The status of the property belongs to the state and not to the individual. So that everything will return to the country to be allocated again to its people

### C. METHODOLOGY

This research is in the form of character history, namely historical research on a character's life which includes ideas, thoughts, and things that influence the formation of his thoughts. This research is a research library with the object of research is Abu Ubaid Al-Qasim about his thoughts regarding the development of Islamic economics, which is analyzed from his work, namely al-Amwal. To obtain data through In this research, the primary data collection is carried out by analyzing journal, and some books which reevan to this research

### D. RESULT AND ANALYSIS

#### **Abu Ubaid Al-Qasim's Criticism and Solutions in Managing State Budget Funds in Indonesia**

This is because Islam respects property that is beneficial to humans. Benefit here means within the parameters approved by Sharia. So, Islam requires state authority to regulate and act in the public interest, to maintain justice, and to redistribute this wealth. Islam also pays attention to the extent to which the state should regulate people's affairs depending on the people's needs. Wealth

management is an important aspect of Islam. Since we are not the absolute owners of wealth in this world, we have a duty or responsibility to manage it as best we can. (Possumah & Ismail, 2012).

However, the article in the conventional economic structure, such as the one in Indonesia, is the main element that causes Indonesia to be far from prosperous. Diatanranya net fiscal policy whose elements come from various types of taxes as a source of government revenue and government spending. In the management of the APBN, which is the state expenditure, however, there are two expenditures in the APBN, namely the central and regional government expenditures. So if the state budget continues to increase from year to year, Indonesia will achieve economic growth (Seftarita, 2014). However, in the financing of the state deficit, the article is that the deficit financing of the Indonesian State Budget uses foreign debt that contains elements of interest or usury, which causes an increase in the amount of debt payments. Debt that continues to grow causes buildup and makes the APBN weaken in the next period (Afif & Fatturoyhan, 2017, p. 9). How will the state be prosperous if the financing is based on debts that have a high enough usury interest? So, what happens is the more prosperous the higher the debt, the more interest and the weaker the APBN in the next period.

Seeing that the process of managing the State Budget in Indonesia is not yet optimal, so that the community cannot feel the positive impact directly. So, the need for proper management so as to create community welfare. This is because there is a policy that can be taken depending on the situation and condition of a country. Because, the government budget policy must focus on a technique for changing state expenditures or revenues when the economy is shaken either due to inflation or deflation.

There is no element of zakat in the Government Revenue and Expenditure Budget (APBN), because zakat activities are not included in official government statistical records. This is what seems to be happening in Indonesia. (Jaelani, 2015). This needs to be studied more deeply. According to Abu Ubaid in his concept that zakat is the main source of state finance. The reason is that zakat with its concept will be so that zakat is considered to be effective in eradicating poverty and bringing prosperity to the community because it is directly allocated to the eight *asnaf* as

*mustahiqs* who really need it. So if in the APBN there is an element of zakat, so that the allocation will look more at needs. (Afif & Fatturroyhan, 2017).

Meanwhile, Indonesia has the potential to collect its zakat funds. Some of the factors include because Indonesia has the largest Muslim population, so the <sup>2</sup>potential for zakat is great. Based on research by Baznas, Bogor Agricultural University (IPB), and the Islamic Development Bank (IDB), the potential for national zakat of IDR 217 trillion <sup>2</sup>is equivalent to 2.8 percent of Indonesia's GDP in 2012 (Hariyani et al., 2018). This figure should have a tremendous impact on poverty alleviation efforts in Indonesia. The minister of finance considers that the potential for zakat exceeds 10 percent of the State Budget (APBN) (Muthohar, 2016). This potential continues to increase to around Rp. 240 trillion. This means that the funds raised only reached 1.25 percent (Mardiyah, 2018, p. 65). This potential continues to increase to around Rp. 240 trillion. This means that the funds collected have only reached 1.25 percent. In 2015 according to the calculation of the potential GDP in 2015, it will be Rp. 286 trillion. Seeing the great potential of zakat, Indonesia should be biased to become a prosperous country. So that the government must review the benefits that will be achieved so that in making <sup>3</sup>policies that do not conflict with Islamic teachings and can create benefits for the people.

This is in line with the benefits of zakat itself, according to Abu Ubaid <sup>2</sup>in the social field, zakat acts as a unique tool given by Islam to eradicate poverty from society. <sup>2</sup>In the economic field, zakat prevents the accumulation of wealth in the hands of a few people and allows wealth to be distributed so that there is even distribution of wealth. So that using zakat can erase the capitalist concept that has been unconsciously applied in Indonesia so far. This is what will cause the country to be far from prosperous. Basically, in the Islamic economic system, zakat is an obligatory contribution of Muslims to the State treasury because it is obligatory (obligatory zakat system), so its implementation is carried out through official state institutions that have legal provisions so that the collection, management or distribution can be directed. (Syahputra, 2019).

Abu Ubaid divides zakat into two, commodity zakat and savings zakat. <sup>3</sup>Based on this, Abu Ubaid stated that zakat on savings can be given to the state or directly to *mustahiq*, while commodity zakat must be given to the government so that it can be

used for the benefit of the State. (Febriani & Jalaluddin, 2017). So that merchandise that is traded for profit and to increase money will be subject to a tax burden. If the goods are used for personal consumption, they are exempted from zakat. Abu Ubaid also explained that precious stones and such are exempt from zakat for personal use and are subject to zakat if they are for business purposes (Syahputra, 2019). The increase in zakat is due to the increase in *muzakki* from the amount and the amount of zakat funds that is issued which indicates an increase in the community's economy. This implies that zakat expenditure has a role in determining GDP the higher the expenditure on zakat, the higher the addition to the balance of production results. (Priyono, 2013).

But what about the rights of non-Muslims, their rights will also be guaranteed with the existence of *kharaj* and *jizyah*. According to Abu Ubaid, in terms of rates or percentages for *kharaj* and *jizyahaan*, it is seen from the importance of a balance between the financial strength of the non-Muslim population which in modern financial terms is called "capacity to pay" and the interests of the Muslim group who are entitled to receive it. (Febriani & Jalaluddin, 2017). By applying this principle, a balance will be created because it sees with its needs. The reason is that *jizyah* funds will be channeled to the needs of the government. Thus, if *zakat* can be felt directly by the community, then *jizyah* is felt by the community but not directly, because *jizyah* is channeled in the form of security guarantees for non-Muslims for social, cultural, and economic. (Nugroho, et.al).

In addition, if we look in the realm of *khums*, Abu Ubaid<sup>3</sup> stated that a just ruler can expand the boundaries that have been determined in the public interest. He also emphasized that the state treasury should not be misused or used by the authorities for personal gain, in other words the State treasury. The essence of his doctrine is the defense of the implementation of the distribution of wealth in a fair and equitable manner based on the principles of fiscal justice as best and as perfectly possible (Febriani & Jalaluddin, 2017).<sup>9</sup>

### **Abu Ubaid Al-Qasim's Criticism and Solutions in Monetary Control in Indonesia**

Monter policy in Indonesia has several goals, including the *first* is to put more emphasis on price stability, on the basis of several considerations. economic capacity



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in the long run so as to encourage economic growth. *Second*, the rational economic agent understands that shocking action by policy makers in encouraging economic growth that drives inflation can lead to time-consistency problems.) *Third*, monetary policy influencing economic variables takes a long time. *Fourth*, price stability can promote a better economic climate because it will reduce costs arising from inflation. (Simorangkir, 2007).

However, the monetary policy that has begun to implement the Inflation Targeting system, where the government controls inflation with interest rates simultaneously can influence other macroeconomic variables so that other, more comprehensive policies are still needed in order to obtain maximum results. (Sriyono, 2013). However, it is considered that this has not been able to be fully expected to improve the economy because the government uses the interest rate channel to meet the inflation target set. So, the need for stakeholders regarding a defined monetary policy strategy so that in its implementation it can be followed simultaneously by implementing policies originating from other sectors.

The Islamic monetary system offers a solution to overcome the financial crisis, uses an asset-based, interest-free transaction system, avoids speculative and uncertain transactions (Ibrahim, 2012). According to Abu Ubaid, *jizyah* is one of the right balances regarding State finance. Basically, *jizyah* is an obligation for non-Muslims to issue a number of materials that have been determined by the government at that time, in the sense that these provisions adjust government policies. As for the objectives, so that they can be guaranteed life in the Muslim region. In addition, *zakat* is also considered the right instrument to control the monetary policy of a country. The process of monetary control occurs when the distribution of money from the accumulated material in *baitul-maal* to the real sector will increase the circulation of money. Thus, the government does not need to print money on the assumption that the money in circulation is fixed (Nugroho et al., 2019). So that *Zakat* and *jizyah* are as financial controllers in the country which is known as monetary policy. Because both are included in state income that is channeled for the welfare of society in the economic field, such as job opportunities, fair distribution of income and wealth, and stability in the value of money. (Nugroho et al., 2019)

Seeing the role of Zakat and *jizyah* during the time of Islamic civilization above, there are several things that need to be understood, namely that they are different things in their treatment, but both have the same positive impact on monetary policy in a country, namely the realization of benefit, both in the economic, social, and economic fields, politics, and others so that it can be achieved. (Nugroho et al., 2019). Thus, it is this wisdom that needs to be understood that in every Islamic government policy it is for the benefit of all the people.

Basically, working to ensure the economic satisfaction of society in general and improve material welfare in general by ensuring the basic needs of each individual. Maximizing the benefits of public property, its expansion and use for the benefit of all. Obtain the financial resources necessary to run the government and expenditures in accordance with Sharia. (Possumah & Ismail, 2012).

So, in controlling monetary policy, *jizyah* and zakat have the most important role in controlling the value of the currency in the State. Zakat is to stabilize the people's economy, while *jizyah* plays an important role in the development of state infrastructure.

#### **E. CONCLUSION**

In controlling fiscal policies that still use the capitalist system, such as deficit State financing, which is based on foreign debt containing *Riba*, this is considered to have a negative impact on the people's economy. Apart from that, the unequal allocation of the APBN to the people is one of the causes of the unequal welfare of the people. So, in this research discusses the state's fiscal and monetary policies in managing the state budget according to Abu Ubaid Al-Qasim in his book *Al-Amwal*. Which brought a solution by taking the example of policies during the reign of the Prophet and his Caliphs. Where the source of income gathered at *baitul maal* is one of the factors in question of the welfare of its people. According to Abu Ubaid, several sources of income have a direct impact such as, *Jizyah* and zakat stabilize finances, the fiscal policy of zakat, *jizyah*, *khumus kharaj* is adjusted to the needs of the community so that welfare is achieved. Zakat has a focus on alleviating poverty by allocating funds directly to groups of people in need. While *jizyah*, *khumus*, *kharaj* are focused on developing the State. So, in controlling monetary policy, *jizyah* and zakat

have the most important role in controlling the value of the currency in the State. Zakat is to stabilize the people's economy, while *jizyah* plays an important role in the development of state infrastructure. Zakat has a focus on alleviating poverty by allocating funds directly to groups of people in need. While *jizyah*, *khumus*, *kharaj* are focused on developing the State. So, in controlling monetary policy, *jizyah* and zakat have the most important role in controlling the value of the currency in the State. Zakat is to stabilize the people's economy, while *jizyah* plays an important role in the development of state infrastructure. Zakat has a focus on alleviating poverty by allocating funds directly to groups of people in need. While *jizyah*, *khumus*, *kharaj* are focused on developing the State. Furthermore, in controlling monetary policy, *jizyah* and zakat have the most important role in controlling the value of the currency in the State. Zakat is to stabilize the people's economy, while *jizyah* plays an important role in the development of state infrastructure.

The above financial resources are the main source of *baitul-maal* which is the center of State finance. At that time, the *baitul maal* was centered in the Prophet's Mosque, so that during the reign of the Prophet, apart from being used as a place of worship, the mosque was also used as the state headquarters which was also the residence of the Prophet. In the financial management mechanism in *baitul maal* where all the results of the collection of the state must be collected first and then spent according to the needs of the state. The status of the property is state property and not individual property. So that everything will return to the state to be allocated again to its people.

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