

## Comparative Study of the Concept of the Welfare State According to Liberal, Islamic and the 1945 Constitution

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**Abstract:** *This research aims to elaborate the thinking between the concept of the welfare state and the current understanding of democracy in Indonesia. the research used is normative legal research using a conceptual approach. The research results show that the concept of the welfare state emerged as an alternative to constitutional democracy in the 20th century, which was a reaction to the influence of liberal pluralism in the 19th century. This thinking gave rise to the proposition "the least government is the best government". The Welfare State is currently proven to be able to develop the economy while increasing the standard of living of the people. The current crisis of the welfare state, which is often debated, both in Europe and the United States, is not about its existence, but only about its size and capacity. The welfare state is nothing new in Islam. Before being implemented in the West, the Islamic world practiced it first.*

**Keywords:** Welfare State concept; Liberalisme; Islamic and 1945 Constitution.

### 1. Introduction

The welfare state is an ideal model of development focused on improving welfare through giving the state a more important role in providing universal and comprehensive social services to its citizens. According to Spicker, the welfare state "...stands for a developed ideal in which welfare is provided comprehensively by the state to the best possible standards."<sup>1</sup>

*Welfare State* The welfare state is an ideal model of development focused on improving welfare by giving the state a more important role in providing universal and comprehensive social services to its citizens. According to Spicker, the welfare state<sup>2</sup>.

In this context, the state treats the implementation of social policies as "the granting of social rights" to its citizens. All social protection that is built and supported by the state is financed by the people through increasingly prosperous and equitable economic

<sup>1</sup> Syed Mumtaz Ali, "Social Welfare: A Basic Islamic Value," 2008, <http://muslimcanada.org/welfare.htm>.

<sup>2</sup> Siswono Yudohusodo, *Membangun Negara Kesejahteraan*: Yogyakarta: Institute for Research and Empowerment (IRE) Dan Perkumpulan Prakarsa (Jakarta: Wisma MM Universitas Gadjah Mada, 2006), 71.

productivity, taxation, and insurance systems, as well as planned and institutionalized human investment..

*Welfare State* is interesting to study, considering this is the responsibility of state administration. The struggle to achieve these goals can be realized through the formation of legal regulations and other government policies. Every country in the world, including Indonesia which has ratified the declaration of Human Rights, must be responsible for overcoming poverty in their respective countries. This is following the provisions of Article 40 of the 1948 UN Human Rights Charter which stipulates: "Everyone has the right to an adequate standard of living for a healthy and prosperous life for himself and his family,...".

The provisions in this declaration of human rights are relevant to be linked to Article 27 (2) and Article 34 of the 1945 Constitution. Article 27 (2) reads: "every citizen has the right to work and a decent living for humanity". Article 34 states: "the poor and neglected children are cared for by the state".<sup>3</sup> In this context, Bagir Manan said that Article 34 is one of the characteristics of the constitutional and state system that the Indonesian state wants to realize. The concept of the welfare state in practice has not been as expected. This happens because the government's policy in national development which is passed in five-year stages always focuses on economic growth followed by political stability and security, but the development is more growth-oriented and more liberal in nature, not welfare that can be enjoyed by all Indonesian people as stated. mandated by the 1945 Constitution. The results of economic development are more enjoyed by those who have the ability and access to policy makers/implementers, even the family economic system mandated by the 1945 Constitution has turned into a family economic system.<sup>4</sup>

Along with that, Jimly Asshiddiqie said that despite all hopes for reform, democratization and liberalization, the concept of the welfare state in the 1945 Constitution still leaves fundamental problems that need to be pondered. The importance of reflection is proven by Jimly Asshiddiqie, that of 32% of the products of Law and Government Regulation (319 pieces) regarding economic policies stipulated between 1967-1983 only 11.6% referred to Article 33 of the 1945 Constitution. However, some of our efforts to build the economy do not refer to to efforts to deliberately lay out the principles of economic

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<sup>3</sup> Tri Suhendra Arbani, 'Analisis Yuridis Pengisian Jabatan Wakil Kepala Daerah Dalam Penyelenggaraan Pemerintahan Daerah', *Supremasi Hukum*, 6.2 (2017), 112–39.

<sup>4</sup>This was more evident in the New Order era where corruption, collusion and nepotism (KKN) occurred and flourished, and until the reform order was still evident in various sectors.

democracy and the welfare state itself. So that we are only able to give in to the demands of pragmatic development, where as much as 88.4% of our efforts are directed at efforts to liberalize the economy according to the demands of the situation.<sup>5</sup>

The concept of the welfare state in principle emerged as an alternative to constitutional democracy in the 20th century. This was a reaction to the excesses of 19th-century liberal pluralism. This thought gave birth to the argument “the least government is the best government”, that government is the least of the best. Two notions are considered to be very influential on the concept of the welfare state in the 1945 Constitution which are the main points of the author's analysis, namely Liberalism and the concept of Islam.<sup>6</sup>

## 2. Method

A research method is very important in writing a paper because through research methods it can be seen clearly how the preparation of scientific work is carried out. The research method used in this study is a normative research method, which emphasizes legal theory, laws and regulations, and concepts. Through this type of normative legal research, the authors use a conceptual approach.<sup>7</sup> To compile this scientific paper, the authors conducted a literature study to find out and analyze the concept of the welfare state according to the Liberal ideology, the Islamic concept, and the characteristics of the concept of the welfare state according to the 1945 Constitution.

## 3. Results and Discussion

### 3.1 The Concept of the Welfare State

The welfare state is a model of state policy that leads to social protection or public welfare through various programs such as public health, social security benefits, employee pensions, unemployment, and so on (Christopher Pass and Bryan Lowess, n.d.). The welfare state means something different to everyone. Therefore, Titmuss provides a more open understanding of welfare. he suggested the welfare criterion as a society that openly accepts the policy responsibility to educate and train its own citizens to meet its needs for doctors, nurses, social workers, scientists, engineers, and so on.

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<sup>5</sup> Erwiningsih Winahyu, *Hak Menguasai Negara Atas Tanah*, 1st ed. (Yogyakarta: Penerbit Total Media, 2009), 63.

<sup>6</sup> Lina Kushidayati, ‘The Development of Islamic Law in Indonesia’, *Qudus International Journal of Islamic Studies*, 1.2 (2014), 163–80 <<https://doi.org/10.21043/QIJIS.V1I2.185>>.

<sup>7</sup> Peter Mahmud Marzuki, *Metode Penelitian Hukum* (Jakarta: Kencana, 2017). p. 43

This concept relates to efforts to improve the welfare of society in a country. This welfare must cover various fields, from health to the economic sector. For that, the government plays a very important role in making it happen. The welfare state is a concept of government in which the state or its institutions play an important role in protecting and improving the lives of its citizens.

In a broad perspective, the welfare state can have economic and political dimensions. From an economic perspective, the welfare state is an economic system that is practiced by a government regarding social welfare programs such as health services, education, employment and social security. From a political perspective, the welfare state is a state that promotes public welfare as from an economic perspective.<sup>8</sup>

The difference is, the realization of the welfare state program is (only) used by the government for the benefit of fighting the opposition. In its development, the concept of welfare has developed dynamically and openly due to the common goal of improving the condition of society. This welfare condition is a picture that is idealized by various layers of society. A country can be classified as a welfare state if there are four main pillars, namely:

- a. Social Citizenship;
- b. Full democracy;
- c. Modern industrial relation systems; serta
- d. Right to educations and the expansion off modern mass education systems.

Strive for these four pillars to exist in the welfare state because the state is obliged to apply social policies as the conferment of social rights to its citizens based on citizenship and not on the basis of performance or social class. The welfare state refers to the role of government which is responsible for managing and organizing the economy. Thus, the state is expected to be able to carry out its responsibility to ensure the availability of basic welfare services at a certain level for its citizens. In this context, the state treats the implementation of social policies as "guaranteeing social rights" (the granting of social rights) to its citizens.<sup>9</sup>

All the social protection that the country supports and builds is actually financed by its people, through economic productivity, the tax system, and planned and institutionalized

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<sup>8</sup> Jimly Asshiddiqie, 'Mahkamah Konstitusi Dan Pengujian Undang-Undang', *Jurnal Hukum*, 11.27 (2004), 1-6.

<sup>9</sup> Henry T. Simarmata, *Negara Kesejahteraan Dan Globalisasi: Pengembangan Kebijakan Dan Perbandingan Pengalaman* (Jakarta: PSIK Universitas Paramadina, 2008), 19.

investment in human resources. This concept is seen as a form of state involvement in advancing people's welfare after the emergence of empirical evidence regarding market failure in capitalist societies, and state failure in socialist societies.

Therefore, despite emphasizing the importance of the role of the state, the welfare state is essentially not a form of state domination. rather, it is a manifestation of the state's awareness of their rights in accordance with democratic principles. In this context the state is given the mandate to carry out its obligations in fulfilling the rights of its citizens.

### 3.2 The History of the Emergence of the Welfare State

The concept of the Welfare State was first raised after the end of World War II. This concept is closely related to the social, political and economic conditions of society which are experiencing dismal times as a result of the failure of the free capitalist political and economic system which is based on the concept of a liberal rule of law state. Utrecht argued that such a state, which is commonly known as a type of liberal state, in which the state plays and acts as a "night watchman state" (*nachtwakerstaat*). The Welfare State itself is a response to the concept of a "night watchman state". In the night guard state, the basic character is freedom (liberalism), which developed in the mid-18th century, mainly due to the encouragement of the notion of Invisible Hands contained in Adam Smith and David Ricardo's book entitled: *The Wealth of Nations: An Inquiry into the Nature and Causes*.<sup>10</sup>

In this liberal system, the role of the state is very minimal, so it is often said to be a minimum state or minarchism, namely a view that believes that the government does not have the right to use monopolies to impose or regulate relations or transactions between citizens. In other words, the government prioritizes a *laissez faire* approach in creating prosperity. Instead, the market mechanism gets a large portion in meeting community needs.<sup>11</sup>

In outline, the welfare state refers to an ideal model of development that is focused on increasing welfare through giving a more important role to the state in providing universal and comprehensive social services to its citizens because the state is the highest organization

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<sup>10</sup> United Nation, 'Universal Declaration of Human Rights (UDHR) 1948', *United Nations General Assembly* (United Nations).

<sup>11</sup> Tri Widodo W Utomo, "Memahami Konsep Negara Kesejahteraan (Welfare State)," accessed November 10, 2016, <http://triwidodowutomo.blogspot.nl/2013/07/memahami-konsep-negarakesjahteraan.html>.

among one or several groups of people who have aspirations -the ideal to be united to live in a certain area, and have a sovereign government.<sup>12</sup>

The state/government only has the function/role of protecting citizens from attacks, theft, breach of contract, fraud, and other security disturbances. So it is not strange if the state institutions formed in the liberalism system are also only institutions related to security aspects, namely the military, police, judiciary, fire department, including prisons.<sup>13</sup> Against the backdrop of the increasingly apprehensive socio-economic conditions of society, especially the failure of the capitalist economic system which relies on the enactment of a free market economic system without state interference, this has resulted in an economic crisis in society. Freedom and equality (*vrijheid en gelijkheid*) which underlies the relationship between society and the state are felt to be no longer sufficient. The role of the state, which was previously felt to be limited to maintaining order alone, is being sought to be expanded by giving greater authority to the state to regulate the people's economy.<sup>14</sup>

The public interest as a principle of public law is no longer interpreted as the interest of the state as the power that maintains order or the interests of the bourgeoisie as the basis of society for a liberal law state, but the public interest is the interest of "gedemocratiseerde nationale staat, waarvan het hele volk in al zijn geledin gen deel uitmaakt" the changing views on the concept of a liberal state gave birth to a new concept of a type of welfare state better known as the concept of the welfare state (*welvaarstaat*), which at the end of the 19th century and into the early half of the 20th century developed rapidly in western Europe.<sup>15</sup> The welfare state or welfare state is also called the "modern rule of law." The main objective lies not only in the implementation of the law alone, but also in achieving social justice (*social gerechtigheid*) for all people. Conception of the modern rule of law.

### **3.3 The Concept of The Welfare State According to Liberalism**

The emergence of the concept of the welfare state was preceded by the concept of the *Naachtwacherstaate* (night watchman state). In the concept of the Night Watch State, the government is only allowed to enter the security area and not enter into the political and economic area, according to the argument "*laissez-faire laissez-aller*"<sup>16</sup> or liberalism. Liberals

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<sup>12</sup> Moh. Mahfud MD, *Dasar Dan Struktur Ketatanegaraan Indonesia* (Jakarta: Reneka Cipta, 2012), 64.

<sup>13</sup> Edi Suharto, *Membangun Masyarakat Memberdayakan Rakyat* (Bandung: PT Refika Aditama, 2009), 154.

<sup>14</sup> Michael P. Todaro, *Pembangunan Ekonomi Di Dunia Ketiga*, 6th ed. (Jakarta: Erlangga, 1998), 130.

<sup>15</sup> Johara T. Jayadinata, *Tata Guna Tanah Dalam Perencanaan Pedesaan, Perkotaan Dan Wilayah* (Bandung: ITB, 1999), 180.

<sup>16</sup> SF. Marbun, *Hukum Administrasi Negara* (Yogyakarta: UII Press, 2001), 20.

believe that if a person is given the freedom to manage his economy, the country's economy will be healthy. In this perspective, economic affairs are independent of state intervention.

This liberal understanding arose because previously in the form of an absolute monarchy, it was the king who determined everything for the benefit of the people. The slogan that was famous at that time as the expression of the king of France, Louis XIV, “*L’etate C’est moi*”,<sup>17</sup> (the country is me). The principle that prevailed in the government at that time was that it was the king who determined everything for his people, and the public interest overcame all laws and laws. (*legibus solutus est, solus publicus suprema lex*).<sup>18</sup>

If traced back, the development of the welfare state was preceded by the emergence of a government system (1) Police State (*polizei staat*), the State maintains order and security and organizes all the necessities of life for its citizens. State guarantees for these basic needs include clothing/clothing, food/food, board/housing, education, welfare and job opportunities. (2) The Liberal Law State, the function of the state is only to maintain order and security or as a Night Watcher (*nachtwachtersataat*), while the organizers of the economy are based on free competition. “*laissez-faire laissez aller*”. (3) In A formal legal state, the state protects the human rights of its citizens by restricting and supervising the state's movements and powers with laws. The state may not deviate or expand its role in the administration of the economy, other than what has been stipulated by law, so it must be “*wetmatig*”. (4) the state of material law/welfare state (*welfare state*) the state is required to expand its responsibility to provide legalization for interventionist states.

The state needs and even has to intervene in various social and economic problems to ensure the creation of shared prosperity in society, following the ultimate goal for each country, namely to create happiness for its people (*bonum publicum, common good, common wealt*).

Furthermore, the development of the welfare state shifted from welfare to workfare. This is following the thinking of President Richard Nixon which was proclaimed in 1969, that “what America needs now is not welfare but more workfare. There are main things related to workfare, namely opportunity, responsibility, and society (community). In this workfare, the government makes efforts for the people who originally received social assistance to work in both government and private institutions. In workfare, state intervention is carried out by requiring social assistance recipients to be able to enter the

<sup>17</sup> Azhary, *Negara Hukum Indonesia* (Jakarta: UI Press, 1995), 34–35.

<sup>18</sup> Donald A Runokoy, *Hukum Administrasi Negara* (Yogyakarta: UII Press, 2001), 10.

labor market. So, the right of everyone to obtain welfare is very dependent on how much the state can provide employment.

Meanwhile, developments in Britain were marked by the appearance of prime minister Tony Blair who popularized the new social democracy, the British "welfare state" turned into a "Welfare Society". Welfare is not essentially economic welfare, but a psychic concept related to human well-being. Welfare institutions should foster psychological and economic benefits, for example in the form of counseling.

### **3.4 The Concept of the Welfare State According to Islam**

The ideological struggle of the 20th Century between capitalism and socialism affected billions of human beings. Although capitalism is considered superior this ideology has failed to provide welfare for humanity. In the West and even in Muslim countries themselves, they have forgotten that there is one system that can be an alternative, namely the Islamic welfare state system. Islam is not just a religion. It includes views and ways of life in total. Islam is a religion that upholds civilization and human dignity that combines material and spiritual aspects, worldliness, and the hereafter. At its peak, Islam aims to create a system where the principle of justice is not above the benefit of a few or a group of people. The Islamic economic system, for example, has two goals: fighting poverty and creating an economically and socially just distribution of wealth. Implicit in this sense is the recognition that Muslims will be able to worship Allah in a focused and total manner if their basic needs are properly met.

In the Islamic concept, the welfare state is the responsibility of the state. Community welfare consists of aspects of physical and spiritual needs. Spiritual need is the main feature that stands out in Islamic teachings and is not disputed in western thought. The message of the Prophet is to carry out the mission of "hayatan thoyyibah" to help each other to live a happy life in falah (a prosperous world to the hereafter). The term happy life is found in the Qur'an in Surah An-Nahl verse 97. And falah is found in Surah Al-Haji verse 77. This mission of the Prophet implies the concept of "welfare" in Islam. The concept of welfare in Islam wants a balance between the role of the state, society, and also the individual. On the other hand, the needs of the community in addition to physical as well as spiritual.<sup>19</sup>

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<sup>19</sup> Dedy Sumardi, Ratno Lukito, and Moch Nur Ichwan, 'Legal Pluralism within the Space of Sharia: Interlegality of Criminal Law Traditions in Aceh, Indonesia', *Samarah*, 5.1 (2021), 426–49 <<https://doi.org/10.22373/sjhk.v5i1.9303>>.



The role of the state to carry out the mandate in realizing the welfare of its citizens is stated in the letter Saba 'verse 15. On this basis the state has the right to intervene in various legal, political, social and economic aspects in order to prosper its citizens. State intervention in Islam is different from Socialism, which places the government in a very dominant position over the means of production, so that individual involvement is practically neglected. In Islam the individual is the main actor while the government only acts as a facilitator who protects individual rights, especially the right to security, welfare and social security.

### 3.5 Analysis of the Welfare State Concept in the 1945 Constitution.

Prof. Kranenburg, the originator of the Welfare State Theory stated that the state must actively strive for welfare, act fairly which can be felt by all people equally and in balance. Meanwhile, Spicer said that the Welfare State is a national welfare system that gives a bigger role to the state to allocate a portion of public funds to ensure that the basic needs of its citizens are met. Many other academics have elaborated on the definition of a Welfare State, which boils down to the political will of the state to utilize resources for the welfare of the people.

The clarity of thought of the founding father (Soekarno-Moh. Hatta) inspired the birth of Article 33 of the 1945 Constitution.<sup>20</sup> Constitutionally, the Indonesian Welfare State is stated in the fourth paragraph of the Preamble to the 1945 Constitution, Article 27 paragraph (2), and Article 34. On this basis, the state is required to be responsible for fulfilling the basic needs of life (basic needs), overcoming poverty, and guaranteeing employment for its people. This thought is a rejection of Adam Smith's theory which is based on the parable of "homo economicus", which gave birth to a system of liberalism in the form of "*laissez faire laissez aller*";<sup>21</sup> which was later seen by the predecessor thinker (the founding father) as not in accordance with the mindset of the Indonesian people.

The concept of the Indonesian welfare state is actually contained in the original Indonesian culture from the indigenous Javanese culture which is manifested in the art of shadow puppet culture. The Welfare State by Javanese poets is described as "*negara panjang hapunjung pasir-wukir*" *lob jinawi, gemah ripah kartorabarjo*". The meaning contained in it is that a

<sup>20</sup> Zainal Arifin Mochtar, 'Antinomi Dalam Peraturan Perundang-Undangan Di Indonesia', *Hasanuddin Law Review*, 1.3 (2015), 316 <<https://doi.org/10.20956/halrev.v1n3.112>>.

<sup>21</sup> Wirjono Prodjodikoro, *Asas-Asas Ilmu Negara Dan Politik* (Jakarta: Eresco, 1991), 13.

country's territory extends from the coast to the top of the mountain, with fertile land and cheap clothing and cheap food, safe and peaceful conditions, a harmonious atmosphere, and the absence of crime, and the government always meets the needs of the people.

The concept of the welfare state since Indonesia gained independence until the era of the New Order government did not experience any fundamental changes. In contrast to the Reformation era (1997), since then the 1945 Constitution began to be amended and amended, including Article 33. Rejection of ideas and whether or not Article 33 was amended, both inside and outside the MPR received serious attention.

In the economic field, there are two diametrically opposed views, namely: (1) changes to the formulation of Article 33 are replaced with new ones, and (2) there are changes to preserve the main principles.<sup>22</sup> Firstly, rejecting "the principle of kinship" which is considered irrelevant, to be replaced with other principles such as "market justice" or at least a social market system (social market economy). Secondly, the group that wants the preservation of the formulation of Article 33 approved the addition of verses which are the development of new ideas.

Finally, a compromise occurred and then the amendment resulted in the formulation, the title of Chapter XIV being "National Economy and Social Welfare", which before the amendment read "social welfare", by adding Article 33 which was originally 3 paragraphs to 5 paragraphs.<sup>23</sup> Here it is emphasized that the Indonesian state remains committed to the form of the Welfare State as evidenced by the amendment to Article 33 by adding 2 paragraphs. With the addition of these 2 paragraphs, the welfare system, especially in the economic field, must be recognized as having accepted the positive side (contribution) of the liberal and Islamic systems, as well as socialists but still rejects the view of market fundamentalism.<sup>24</sup>

The concept of the Welfare state has been confirmed in additional socio-economic articles, namely in Article 34 paragraph (2) and paragraph (3). Meanwhile, Article 33 paragraph (3) is an affirmation of the welfare state by taking the term used by Antony

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<sup>22</sup> E. ELVIANDRI, 'Quo Vadis Negara Kesejahteraan: Meneguhkan Ideologi Welfare State Negara Hukum Kesejahteraan Indonesia', *Mimbar Hukum - Fakultas Hukum Universitas Gadjah Mada*, 2019, 252 <<https://doi.org/10.22146/jmh.32986>>.

<sup>23</sup> Mubyanto, *Amandemen Pasal 33 UUD 1945 Yang Dipaksakan*, *Dalam Evaluasi Kritis Atas Amandemen UUD 1945* (Yogyakarta: UNISIA, 2003), 238.

<sup>24</sup> Dawam Raharjo, *Evaluasi Dan Dampak Amandemen UUD 1945* (Yogyakarta: UNISIA, 2003), 243.

Giddens as a "social investment state". The results of the amendments to Article 33 actually do not eliminate Moch's thoughts. Hatta and Soekarno, but instead gave a broad perspective on global economic developments that required flexibility.<sup>25</sup>

Based on the explanation above, the concept of the Welfare state in the 1945 Constitution which was then applied in Indonesia is a contribution from the results of the struggle for conceptual thinking that developed in Western, and Islamic thought and also the founding fathers in Indonesia. Putting the concept of community welfare in the sense of fulfilling the basic needs of the community physically and physically is proven to be inadequate if it is not accompanied by spiritual needs. Therefore, how far the legal instrument can realize these two needs can be seen from the effectiveness of legal regulation.<sup>26</sup>

Constitutionally, the Unitary State of the Republic of Indonesia can be said to be designed as a Welfare State. This can be seen in a series of articles in the Constitution (UUD), starting from articles 27, 28, 31, 33, and article 34 of the 1945 Constitution. Then, constitutional derivatives in the form of laws (UU), such as Law no. 13 of 1998, Law no. 40 of 2004, Law no. 11 of 2009, Law no. 13 of 2011, Law no. 8 of 2016. There are also government regulations (PP), such as PP no. 39 of 2012, Presidential Decree No. 15 of 2010, and so on. This constitutional mandate is followed up, one of which is by implementing the national policy of the Family Hope Program (PKH), which was launched exactly 12 years ago, and then has played a significant role since 2014 until now, in efforts to reduce the burden on family expenses, change the behavior of participants in accessing services. health, education and social welfare so as to produce a healthier and smarter generation. The whole goal boils down to breaking the chain of poverty between generations.<sup>27</sup>

Based on the description above, personally and as PKH Regional Coordinator for Sulawesi, convey some concise and simple arguments why this program should be continued by the government as the national policy regulator, with the following considerations:

- a. As explained above, PKH was born from the womb of the constitution, similar to the welfare state concept implemented in many democratic countries.

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<sup>25</sup> Shandi Patria Airlangga, 'Hakikat Penguasa Dalam Negara Hukum Demokratis', *Cepalo*, 3.1 (2019), 1 <<https://doi.org/10.25041/cepalo.v3no1.1783>>.

<sup>26</sup> Republik Indonesia, 'Undang-Undang Dasar Negara Republik Indonesia Tahun 1945', 1945.

<sup>27</sup> Mardian Wibowo, 'Menakar Konstitusionalitas Sebuah Kebijakan Hukum Terbuka Dalam Pengujian Undang-Undang', *Jurnal Konstitusi*, 12.2 (2016), 196 <<https://doi.org/10.31078/jk1221>>.

- b. PKH is a big home for 10 million Beneficiary Families (KPM), who have felt a direct positive impact on themselves and all members of the beneficiary families of this social assistance, and have had an effect on the local economy.
- c. PKH is a field for actualizing the spirit of an Agent of Social Control and an Agent of Change, and a field for transforming knowledge and building social networks for the people for PKH HR recruited from educated circles in this country.
- d. The continuation of PKH, closes the risk of increasing open unemployment among educated people, because PKH is a practical employment opportunity for 40,000 PKH human resources, most of whom are married and support their family members.
- e. The continuation of PKH will cover the collective anxiety of citizens, because state revenues have been used for the prosperity of the people (PKH KPM and PKH HR, as well as other beneficiaries of the Social Welfare sector).
- f. From a political standpoint, PKH plays an active role in fostering social stability, which is directly correlated with order and security, which indirectly plays a role in reducing crime rates and social conflicts due to poverty.
- g. From the aspect of human development, PKH directly contributes to increasing the gross enrollment rate of students, increasing awareness of the use of health facility services, and increasing the number of small and medium entrepreneur activists.
- h. PKH has a direct impact on narrowing the income gap between income groups, has a direct impact on the historical achievement of reducing the poverty rate to 1 (one) digit, and is the most significant aspect in increasing the citizen's happiness index.
- i. PKH is a leadership capacity building laboratory for PKH HR from all levels of office.
- j. PKH has become an international reference in the practice of Conditional Cash Transfers with the Non-Cash Social Assistance distribution mechanism, as an inclusive financial policy practice.

#### **4. Conclusion**

The welfare state today has been proven to be capable of developing the economy as well as making improvements to the level of people's lives. The crisis of the welfare state which has often been debated recently, both in Europe, the United States, and Australia, is only related to its size and ability, and not to the question of its existence. The welfare state system is not new to Islam. Before the West applied it, the Islamic world had practiced it

first. Therefore, if there is now an idea to implement this system in Indonesia, this is meaningless and does not need to follow the West. Instead, it only revitalizes what Islam has authentically ordered and has been practiced by the Islamic world centuries ago. The experience of implementing the welfare state in the State of Medina as well as during the Caliphate of Umar, which has now been adopted by the West, is a valuable reference. The welfare state targets the poor, the elderly, the disabled, children, and vulnerable groups. They must receive comprehensive attention and social protection from the state as taught by Islam. In Islamic countries or where the majority of the population is Muslim, social security for disadvantaged groups should not be neglected. Therefore, social welfare in the Islamic constitutional system has a very broad scope both regarding public services and private services, and can be carried out in various forms and mechanisms, such as zakat, waqf, infaq, shadaqah, taxes, qardh al hasan, social security, and so on.

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