

Aid or Influence? US Foreign Assistance to Indonesia in Islamic Point of View

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Abstract

Drawing on critiques from Islamic Political Economy (IPE) and Islamic International Relations (IIR), this study analyses the political, economic, and geopolitical implications of United States foreign aid to Indonesia through the lens of the Islamic worldview. Using a philosophical approach, the research interprets the spiritual and ethical dimensions of the Islamic worldview through foundational sources such as the Qur'an, Hadith, and classical Islamic scholarship. The findings reveal that US foreign aid has minimal impact on economic growth. Instead, it predominantly promotes Western-style liberalization, democratization, secularism, and strategic geopolitical objectives, particularly as a counterbalance to China's influence. This study highlights the misalignment between secular aid strategies and Islamic principles, advocating for policies grounded in the Islamic worldview. By integrating faith-based principles into the analysis of political economy and international relations, the research offers a comprehensive framework for understanding how Islamic ethics can shape governance, international relations, and economic behaviour. As a library-based exploratory study, the findings emphasize the need for further empirical validation through

qualitative and quantitative methodologies. This research provides valuable insights into aligning Islamic ethical frameworks with contemporary political and economic practices.

Keywords: *Islamic Worldview, Islamic Political Economy, Islamic International Relations, US foreign Aid*

Introduction

The contemporary Muslim world continues to grapple with the legacy of colonialism, which disrupted key institutions, eroded moral values, and cultivated unrepresentative leadership, creating lasting divisions within Muslim societies (Ahmad, 1994, cited in ¹). Many Muslim nations today remain influenced by Western systems, raising doubts about the alignment of their governance and policies with Islamic principles.

Foreign aid, defined as the international transfer of capital, goods, or services, plays a dual role: addressing humanitarian needs such as disaster relief and poverty alleviation while advancing the strategic interests of donor nations (OECD.org, 2019; ²). Aid can be delivered in economic, military, or humanitarian forms through bilateral agreements, multilateral organizations, or NGOs like UNICEF and Oxfam (Cohen, 2013). Historically, foreign aid evolved from colonial ties, such as British and French aid, into a Cold War instrument for fostering geopolitical alliances ³.

The United States has long used foreign aid as a strategic tool of economic statecraft, particularly since World War II. Globally, US aid has promoted foreign policy objectives, enhanced trade relationships, and secured geopolitical influence (Baldwin, 1986, cited in ⁴). Initiatives

¹ (Sirageldin& Anwar, 1995)

² Laura Williams, 'The Changing Winds of Aid' *An Exploration of Aid Disbursements to Muslim Countries*.

³ Michael A. Cohen, 'Giving to Developing Countries: Controversies and Paradoxes of International Aid', *Social Research*, 80.2 (2013).

⁴ Helen V. Milner and Dustin H. Tingley, 'The Political Economy of U.S. Foreign Aid: American Legislators and the Domestic Politics of Aid', *Economics and Politics*, 22.2 (2010), 200–232 <<https://doi.org/10.1111/j.1468-0343.2009.00356.x>>.

such as trade agreements⁵ and development programs⁶ have furthered the US's economic and strategic goals, with studies showing positive impacts of aid and trade on donor economies⁷.

In Indonesia, US foreign aid has played a significant role since the country's independence in 1949, exemplified by USAID programs and the Comprehensive Partnership (2010), which aimed to stabilize Indonesia, promote democracy, and counterbalance China in Southeast Asia (State.gov, 2020; USAID.gov). For many years, USAID has collaborated with Indonesia to strengthen its infrastructure, health systems, and economy. With an annual budget of approximately \$100 million, USAID implements initiatives focused on democratic governance, combating corruption, environmental sustainability, economic growth, education, and healthcare. Additionally, the agency addresses public health and humanitarian challenges, such as the COVID-19 pandemic. Key partners in these efforts include national and local governments, community leaders, the private sector, civil society organizations, and other donors. Between 2015 and 2022, U.S. aid to Indonesia prioritized trade facilitation, legal and judicial development, counter-extremism, and military capacity-building. Through USAID, the U.S. supported trade capacity building by reforming customs procedures and trade agreements to enhance Indonesia's global trade participation (USAID). Efforts in legal and judicial development focused on strengthening governance by providing training to judicial and legislative bodies to improve accountability and effectiveness (USAID). In addressing counter-extremism, the U.S. collaborated with Indonesia's National Counter-Terrorism Agency to counter radicalization and violent extremism in Southeast Asia (ASEAN Mission). Additionally, military capacity-building was expanded

⁵ Thomas Oatley, 'International Trade and Political Conflict: Commerce, Coalitions, and Mobility. By Michael J. Hiscox. Princeton: Princeton University Press, 2002. 209p. \$49.50 Cloth, \$18.95 Paper', *Perspectives on Politics*, 1.03 (2003) <<https://doi.org/10.1017/s1537592703950420>>.

⁶ Robert K. Fleck and Christopher Kilby, 'Changing Aid Regimes? U.S. Foreign Aid from the Cold War to the War on Terror', *Journal of Development Economics*, 91.2 (2010) <<https://doi.org/10.1016/j.jdeveco.2009.09.011>>.

⁷ Mak Arvin, Bruce Cater, and Saud Choudhry, 'A Causality Analysis of Untied Foreign Assistance and Export Performance: The Case of Germany', *Applied Economics Letters*, 7.5 (2000) <<https://doi.org/10.1080/135048500351465>>; Javed Younas, 'Motivation for Bilateral Aid Allocation: Altruism or Trade Benefits', *European Journal of Political Economy*, 24.3 (2008) <<https://doi.org/10.1016/j.ejpoleco.2008.05.003>>.

through bilateral defence cooperation, including maritime security initiatives and hardware supplies. The strategic partnership between the United States and Indonesia highlights their air force collaboration amidst China's territorial claims in the South China Sea and Indonesia's Natuna Sea ([JIAP](#)). These initiatives reflect the U.S.'s comprehensive approach to supporting Indonesia's development and security objectives. Economic assistance ranged from \$1.3 million to \$14 million annually, targeting trade policies, industries, and financial services. Governance assistance ranged from \$27 million to \$58 million annually and included efforts in decentralization, democratic participation, and anti-corruption initiatives. Military aid increased sharply in 2019, reflecting Indonesia's strategic importance in the Indo-Pacific region. Programs like the Indo-Pacific Maritime Security Initiative and Global Train and Equip enhanced Indonesia's defence capabilities, including the provision of ScanEagle 2 unmanned aerial systems and \$546 million in defence exports between 2015 and 2019 (ForeignAssistance.gov; Ministry of Defence RI, 2015).

Although foreign aid has been suggested to foster development by increasing savings and investment (Sachs, 2006; Hansen & Tarp, 2000), its effectiveness in promoting self-reliance and equitable growth is debated. Critics argue that aid often leads to debt burdens and transitory benefits while failing to reduce poverty effectively (Chowdhury & Sugema, 2005; Askar, 2015). Politically, aid serves US interests in counterterrorism, governance reforms, and redefining moderate Islam, positioning Indonesia as a counterbalance to China's Belt and Road Initiative (Maghraoui, 2017; Freedman & Tirbuzy, 2012). Concessional loans, often categorized under economic aid, provide favorable terms for infrastructure, governance, and social projects. While they help address pressing development needs, they also carry conditionalities tied to donor priorities. In Indonesia, concessional loans have funded critical projects but raised concerns about dependency and conflicts with Islamic economic principles, such as the prohibition of *riba* (usury) in Shari'ah law ⁸. Aid's reliance on external frameworks and the inclusion of ideological conditions often shifts recipient policies toward secular governance and economic liberalization, which may

⁸ Media Wahyudi Askar, *Foreign Aid and Economic Development in Indonesia*, Media Wahyudi Askar / JIAP, 2015, i; Muhammad Azam and others, 'The Role of External Debt in Economic Growth of Indonesia - A Blessing or Burden?', *World Applied Sciences Journal*, 25.8 (2013), 1150–57 <<https://doi.org/10.5829/idosi.wasj.2013.25.08.11760>>.

undermine sovereignty and equity ⁹; USAID, 2013).

This research adopts an Islamic worldview approach to critique US foreign aid to Indonesia from Islamic Political Economy (IPE) and Islamic International Relations (IIR) perspectives. By integrating spiritual, ethical, and intellectual dimensions, the study evaluates whether US aid aligns with Islamic governance principles, such as justice, equity, and sovereignty, or perpetuates dependency and geopolitical alignment. This analysis contributes to broader discussions on the role of foreign aid in shaping governance, sovereignty, and equitable development in Muslim societies.

Literature Review

Islamic Worldview

The Islamic worldview is a comprehensive perspective rooted in divine revelation, encompassing beliefs about the universe, human life, and the relationship between them. Unlike intellectual or religious traditions born from human reasoning, the Islamic worldview originates directly from revelation, offering an integrated framework that shapes individual and collective thought and action (Al-Attas, 1978). Sayyid Qutb described this worldview as a holistic perspective on the universe and human interaction with it, emphasizing its blend of spiritual and physical dimensions (Reza, 2017). This outlook informs the relationship with Allah (*habl min Allah*) and society (*habl min al-nas*), ensuring harmony between divine obligations and social responsibilities ¹⁰. Central to the Islamic worldview is the concept of Tawhid, the oneness of Allah, which serves as its unifying principle. Syed Muhammad Naquib al-Attas highlighted that this worldview is rooted in revelation and integrates metaphysical and visible realms, fostering a non-dichotomous perspective on life. It addresses fundamental concepts such as creation, freedom, values, and happiness, framing human existence within the context of *al-dunya* (this world) and *al-akhirah* (the hereafter). Shahadah, the declaration of faith, forms its moral foundation, influencing all aspects of life and

⁹ Abdeslam Maghraoui and Us Institute of Peace, *American Foreign Policy and Islamic Renewal*, 2006 <www.usip.org>.

¹⁰ Mohd Shukri Hanapi, *The Conceptual Elements of the Development Worldview in the Qur'an: A Study of Thematic Exegesis*, *American International Journal of Social Science*, 2013, ii <www.aijssnet.com>.

encouraging adherence to ethical and spiritual principles ¹¹.

The Islamic worldview is characterized by several key features: it is sourced from Allah (Rabbaniyyah), constant (Thabat)¹², comprehensive (Shumul), balanced (Tawazun)¹³, and unified under the principle of Tawhid¹⁴. These characteristics ensure that the worldview transcends mere religion, extending its influence on socio-economic, political, and cultural dimensions. Al-Mawdudi emphasized that the Islamic worldview integrates human reasoning with divine guidance, offering a holistic perspective that shapes not only individual actions but also broader societal structures. This integration is based on the Islamic principles of *ma'rifah*, *'ilm*, and *wahy*, which together promote a comprehensive understanding of knowledge and spiritual growth (Awaluddin, 2024). These principles play a crucial role in forming an Islamic worldview that balances both empirical and metaphysical dimensions, intertwining divine and human aspects. This worldview serves not only as a personal compass but also as a framework for society, impacting education, moral development, and overall societal advancement. This harmonious integration is crucial for tackling contemporary issues and maintaining the worldview's relevance in today's modern context ¹⁵

In terms of its intellectual framework, the Islamic worldview is deeply tied to its epistemology (*ilm*), ontology (*iman*), and axiology (*amal*) (Zarkasyi F. H., 2024). Islamic epistemology links knowledge to divine revelation (Al-Quran and Hadith) and human intellect, emphasizing that science and inquiry must align with ethical and spiritual values ¹⁶ which suggesting a balance between inferential and non-inferential reflective responsibility in forming theistic beliefs

¹¹ Hamid Fahmy Zarkasyi, *Worldview Islam Dan Kapitalisme Barat*, 2013, ix <<http://www.investorwords.com/713/capitalism.html>>.

¹² Muhammad Taqiyuddin, 'In Search of Islamic Definition of Worldview: Elements, and Its Characters', *Zawiyah: Jurnal Pemikiran Islam*, 6.2 (2020).

¹³ Junaid Qadir, 'The Islamic Worldview and Development Ideals', *SSRN Electronic Journal*, 2018 <<https://doi.org/10.2139/ssrn.3015107>>.

¹⁴ Masudul Alam Choudhury, 'Introduction: Fundamental Precepts of This Treatise', in *Meta-Science of Tawhid*, 2019 <https://doi.org/10.1007/978-3-030-21558-3_1>.

¹⁵ John Valk and Mualla Selçuk, 'An Islamic Worldview: Ethics in a Modern, Democratic and Secular State', *Turkish Journal of Bioethics*, 3.1 (2016) <<https://doi.org/10.5505/tjob.2016.79664>>.

¹⁶ Mohamed Fouz Mohamed Zacky and Md Moniruzzaman, "'Islamic Epistemology' in a Modern Context: Anatomy of an Evolving Debate", *Social Epistemology*, 38.4 (2024) <<https://doi.org/10.1080/02691728.2023.2227945>>.

(Turner, Islamic Insights on Religious Disagreement: A New Proposal. Religions,, 2024). Ontologically, it bridges empirical observations with metaphysical principles, as exemplified by Ibn al-Haytham's work, which harmonized scientific inquiry with Islamic beliefs¹⁷. His contributions to fields like optics and astronomy were driven by a commitment to fulfilling religious obligations and enhancing moral values¹⁸. This worldview also incorporates both *Ayah Kawuniyyah* (observations of the natural world) and *Ayah Qauliyah* (scriptural revelations)¹⁹, processed through intellect, spirituality, and self-consciousness (Hassan, 2011). This approach enables Muslims to derive principles and paradigms that inform socio-economic activities and broader human endeavours. As such, the Islamic worldview offers a profound and integrated perspective, uniting spiritual, moral, and intellectual dimensions to shape a balanced, ethical, and comprehensive understanding of life and existence.

Islamic Political Economy (IPE)

Islamic Political Economy (IPE) offers a comprehensive framework that integrates governance principles with justice, equity, and ethical resource distribution, underpinned by Shari'ah-compliant practices. Rooted in *Tawhid* (oneness of Allah), IPE establishes a divinely ordained system that governs property rights, trust, contracts, and market behavior. This framework aims to eliminate uncertainty, reduce poverty, and foster cooperation, solidarity, and ethics centered on *taqwa* (Akan, 2015). By embedding ethical and legal values into political and economic institutions, IPE provides an alternative to capitalism's materialistic framework, emphasizing collective welfare over individual gain (Mirhakor & Askari, 2017).

The role of the state is central to IPE, serving as both a regulator and a moral guide. The state is responsible for ensuring that economic

¹⁷ Mohd Syahmir Alias and Mohd Shukri Hanapi, 'The Ontological Aspect of Ibn Al-Haytham's Scientific Research Philosophy', *International Journal of Academic Research in Business and Social Sciences*, 7.2 (2017), 700 <<https://doi.org/10.6007/IJARBS/v7-i2/2677>>.

¹⁸ Michel Paty, 'From the Reasons of Light to the Lights of Reason: Remarks on the Nine Centuries Distant Ibn al-Haytham's and Albert Einstein's Respective Approaches of Light as Conceived Physically', in *Light-Based Science: Technology and Sustainable Development: The Legacy of Ibn Al-Haytham*, 2017 <<https://doi.org/10.1201/9781315155081>>; Roshdi Rashed, 'Ibn Al-Haytham: Between Mathematics and Physics', in *Mathematics and Physics in Classical Islam*, 2023 <https://doi.org/10.1163/9789004513402_005>.

¹⁹ Ramli Awang, 'Simbolisme Sains Dalam Wahyu Kereserian Antara Ayat Maqru'ah Dengan Ayat Manzurah', *Jurnal Teknologi*, 2012 <<https://doi.org/10.11113/jt.v38.513>>.

activities align with Shari'ah principles, fostering a just and equitable society. Governance practices in IPE emphasize the regulation of markets to prevent exploitation and ensure fairness, while promoting public welfare through the provision of essential goods and services. The state must facilitate an environment where private sector activities adhere to Shari'ah, ensuring justice, equity, and sustainability²⁰. Public policies in IPE aim to balance market freedom with the moral obligation to redistribute wealth fairly, supporting societal welfare and avoiding wealth concentration within a small elite²¹.

Shari'ah-compliant political-economy practices further define the state's role. These practices encompass the regulation of markets, equitable wealth distribution, and the enforcement of ethical behavior. Scholars like Sheikh Taqiuddin An-Nabhani emphasize that the state must meet individuals' primary needs, while also enabling them to fulfill secondary and tertiary needs within a Shari'ah-compliant framework. In contrast, Umar Chapra underscores the state's moral role in fostering Islamic values, motivating societal adherence to ethics, and facilitating institutional and social transformation. This dual role ensures that governance aligns with both moral guidance and regulatory oversight²².

IPE also critiques aid-driven dependency and secular governance models. Aid programs often impose external frameworks that conflict with Shari'ah principles, fostering dependency and undermining sovereignty. IPE emphasizes self-sufficiency, advocating for governance and economic policies grounded in Islamic principles. This approach ensures justice and equity while addressing the challenges posed by global market dynamics often dominated by secular and capitalist paradigms.²³ suggests that Islam offers a viable alternative to capitalism, providing sustainable and ethical social and economic systems.

²⁰ Zubair Hasan, 'Markets and the Role of Government in an Economy from Islamic Perspective', *Encyclopaedia of Islamic Economics*, 4 (2008).

²¹ Moh. Ah. Subhan ZA, 'Konsep Distribusi Pendapatan Dalam Islam', *JES (Jurnal Ekonomi Syariah)*, 1.1 (2016) <<https://doi.org/10.30736/jesa.v1i1.7>>; Ropi Marlina and others, *Islamic Political Economy: Critical Review of Economic Policy in Indonesia*, *Review of Islamic Economics and Finance*, 2019, ii.

²² M Umer Chapra, *ISLAM AND THE INTERNATIONAL DEBT PROBLEM*, *Source: Journal of Islamic Studies*, 1992, iii.

²³ Ismail Sirageldin, 'Islam, Society, and Economic Policy', *The Pakistan Development Review*, 34.4 (1995).

Islamic International Relations (IIR)

Islam and International Relations (IIR) offers a unique framework that diverges from traditional Western theories, positioning Islam as a comprehensive socio-political and economic system rooted in Qur'anic and Hadith prescriptions²⁴. Unlike secularism, which separates religion from state and society, Islam emphasizes an integrated approach to governance, viewing all facets of human life as interrelated and guided by divine principles. The Qur'an underscores the inseparability of faith from societal governance, emphasizing that Muslims cannot detach themselves from political and international affairs.

In Surah Al-Hajj: 41, Allah describes the qualities of those granted authority on earth: "They are those who, if We establish them in the land, establish regular prayer and give regular charity, enjoin the right and forbid wrong..." This verse highlights that true believers, when given power, are expected to uphold justice, implement religious obligations, and promote moral values, indicating an intrinsic link between faith and governance. Furthermore, Surah Al-Mumtahanah: 8, guides Muslims on maintaining just and peaceful relations with non-hostile non-Muslims: "Allah does not forbid you from those who do not fight you because of religion and do not expel you from your homes—from being righteous toward them and acting justly toward them. Indeed, Allah loves those who act justly." This verse encourages Muslims to engage in fair and just interactions with others, reflecting the importance of international relations grounded in Islamic principles. These verses collectively illustrate that Islam envisions a comprehensive integration of spiritual and temporal responsibilities, urging Muslims to actively participate in political and international spheres to establish justice and righteousness.

The concept of the ummah (Muslim community) and Shari'ah law are central, assigning Muslims the role of God's khalifah (vicegerents) to implement divine order on Earth Surah Al-Baqarah: 30, recounts Allah's declaration to the angels about placing a vicegerent on earth; Ali 'Imran: 85 states: "And whoever desires other than Islam as religion—never will it be accepted from him, and he, in the Hereafter, will be among the loser; Surah An-Nur: 55, declares Allah's promise to those among the believers who perform righteous deeds²⁵ (J. Harris

²⁴ Susan Turner, 'Russia, China and a Multipolar World Order: The Danger in the Undefined', *Asian Perspective*, 33.1 (2009), 159–84 <<https://doi.org/10.1353/apr.2009.0029>>.

²⁵ Reza Simbar, *The Changing Role of Islam in International Relations*, *JOURNAL OF*

Proctor, 1966) was among the early proponents of understanding Islam's potential to influence international affairs, observing its distinct approach compared to traditional international relations (IR) theories (Turner, *Islam as a Theory of International Relations?*, 2009).

Islam functions as a non-Westphalian discourse and a theory outside positivist or post-positivist frameworks, relying exclusively on Qur'anic and Sunnah-based epistemology (Turner, 2009). It challenges Eurocentric assumptions on modernity, secularism, and progress, offering a counter-narrative rooted in faith, reason, and morality (Simbar, 2008). The traditionalist perspective in IIR, derived from classical realism, views the global order as insecure until the world submits to Islamic values. This school divides the world into Dar al-Islam (realm of Islam) and Dar al-Harb (realm of war), focusing on Muslim sovereignty and jihad as tools for preserving faith and advancing Muslim societies. However, it critiques the legitimacy of the nation-state system as a Western imposition on the Muslim world, which undermines Islamic sovereignty²⁶. Conversely, the reformist/progressive approach, as detailed by²⁷ and (Adiong, 2019), reimagines the ummah as a metaphysical concept transcending territorial boundaries. Reformists endorse *ijtihad* (independent reasoning) to address modern political and social challenges not explicitly covered in the Qur'an or Sunnah. Organizations like the Organization of Islamic Cooperation (OIC) and the Islamic Development Bank (IsDB) reflect this adaptive outlook, advocating cooperation with non-Muslim nations while upholding Islamic values. The revolutionary or puritanical approach, represented by figures such as Ibn Taymiyyah, Abd al-Wahhab, Syed Qutb, Maududi, al-Banna, and Khomeini, rejects classical Islamic scholarship (e.g., al-Farabi, Ibn Sina, al-Ghazali) and advocates a return to Islam's "pure essence." While these movements often oppose colonial and Western influences, their radical outlook has inspired extremist ideologies like al-Qaeda and ISIS/Daesh. They emphasize Islam's supremacy and reject Western intellectual frameworks (Adiong et al., 2019). The civilizational

INTERNATIONAL AND AREA STUDIES, 2008, xv.

²⁶ Muhammad Haniff Hassan, *War, Peace or Neutrality: An Overview of Islamic Polity's Basis of Inter-State Relations With Compliments*, 2007; Susan Turner, 'Russia, China and a Multipolar World Order: The Danger in the Undefined', *Asian Perspective*, 33.1 (2009), 159–84 <<https://doi.org/10.1353/apr.2009.0029>>.

²⁷ John Turner, 'Uncovering an Islamic Paradigm of International Relations', in *Muslim Minorities*, 2012, xi <https://doi.org/10.1163/9789004231030_003>.

approach, as articulated by scholars like Ibn Khaldun (asabiyyah of civilization), Malek Bennabi, Mohammad Hashim Kamali, and Recep Şentürk, focuses on Islam as a catalyst for socio-political cohesion and intellectual advancement. Bennabi, for example, highlights the civilizational revival of Muslim societies, while Şentürk emphasizes Islam as an open civilization capable of integrating diverse cultures. These perspectives underscore the enduring influence of Islamic values on governance, international relations, and multicultural integration (Adiong et al., 2019).

The Islamization of knowledge, pioneered by scholars like Ismail al-Faruqi and Naquib al-Attas, seeks to align global intellectual paradigms with Islamic principles. While al-Faruqi focuses on redefining and reordering knowledge to serve Islamic objectives, al-Attas emphasizes liberating Islamic thought from Western secular ideologies, advocating for an epistemological shift toward divine guidance (Adiong et al., 2019). Islamic International Relations (IIR) thus moves beyond conventional IR theories, focusing on the relationship between Muslim and non-Muslim spheres and addressing global challenges through an Islamic lens. It critiques the Westphalian state system, secular governance, and materialistic paradigms while promoting a divinely inspired world order grounded in Shari'ah and the moral and intellectual legacy of Islam. Through frameworks like traditionalism, reformism, and civilizational revival, IIR provides a comprehensive alternative to Orthodox political thought, addressing the complexities of contemporary global governance.

Methodology

This research employs philosophical approach²⁸ to interpret the spiritual and ethical dimensions of the Islamic worldview within the context of governance and foreign assistance. Using the Qur'an and Hadith as primary sources, along with classical Islamic scholarship—such as the works of Sayyid Qutb, Naquib al-Attas, and Ibn Khaldun—the study also analyses principles of Tawhid and Maqasid al-Shari'ah combined with library research as a method of

²⁸ Thomas A. Schwandt, *The SAGE Dictionary of Qualitative Inquiry*, The SAGE Dictionary of Qualitative Inquiry, 2023 <<https://doi.org/10.4135/9781483398969>>; Richard J. Bernstein, *Beyond Objectivism and Relativism: Science, Hermeneutics, and Praxis*, *Beyond Objectivism and Relativism: Science, Hermeneutics, and Praxis*, 2011 <<https://doi.org/10.3817/0385063223>>.

gathering information and conducting analysis by utilizing various resources available in libraries, including physical and digital formats. It involves systematically exploring books, journals, articles, theses, databases, government publications, reports, and other reference materials to obtain relevant data or insights. The methodology critically evaluates how these principles align with Indonesia's governance and the implications of accepting US foreign assistance. By integrating Islamic principles with contextual analysis, the study develops a normative framework to assess the compatibility of US aid with Islamic governance. This approach emphasizes ethical and spiritual alignment while addressing potential tensions between secular aid policies and Islamic values

Discussion: IPE and IIR Critiques on US Foreign Assistance to Indonesia from Islamic Worldview Approach

Political Implications

Promoting democracy has been a central tenet of US foreign policy, historically rooted in the vision of fostering global stability, economic viability, and adherence to international norms (Goldstone, Garber et al., 2008; Benard, 2003). In the Muslim world, this often involves supporting governance structures that align with Western values while marginalizing those rooted in Islamic principles. From an Islamic perspective, such approaches raise significant concerns about the compatibility of secular governance with Islamic teachings on sovereignty, justice, and governance.

Muslim Divisions and Compatibility with Western Systems

Muslims are often categorized based on their alignment with democracy, Sharia, and Western ideals. The Rand Corporation identifies four key groups: fundamentalists (rejecting Western democracy), traditionalists (suspicious of change but opposing extremism), modernist liberals (advocating integration with the West), and secularists (separating religion and state) (Rabasa, 2007). Islamic totalism, which views Islam as a comprehensive way of life encompassing political, economic, and social guidance, challenges the secular notion of restricting religion to private spheres²⁹.

²⁹ William E Shepard, *ISLAM AND IDEOLOGY: TOWARDS A TYPOLOGY*, *Int. J. Middle East Stud*, 1987, xix.

From an Islamic worldview, governance is an amanah (trust) from Allah, requiring adherence to Shari'ah principles of justice (adl), equity, and accountability. The Quran states, *"Indeed, Allah commands you to render trusts to whom they are due and when you judge between people to judge with justice..."* (QS 4:58). Supporting governance models that separate religion from state undermines the divine framework for justice and accountability.

Secular and Liberal Islam in Indonesia

Indonesia's historical debate over the role of Islam in governance highlights tensions between secularism and Islamic governance. Secularists like Sukarno and Hatta opposed an Islamic state, advocating for nationalism, while Islamists emphasized Shari'ah as the foundation for law and governance (Azra, 2012; Hamid, 2011). Secularism in Indonesia, though moderate, incorporates religious elements like Pancasila's principle of belief in "One Supreme Divinity" while aligning with ideologies like capitalism and liberalism (Shepard, 1987). From an Islamic perspective, this compromises Shari'ah principles, as secularism separates the sacred from the worldly. The Quran warns against such dualism: *"Do you believe in part of the Scripture and reject the rest? Then what is the recompense for those who do so among you except disgrace in this world, and on the Day of Resurrection they will be sent back to the severest of punishment..."* (QS 2:85).

Liberal Islam, represented by groups like the Liberal Islam Network (JIL), emphasizes contextual interpretations of Islamic teachings to promote democracy, pluralism, and human rights (Wahib, 2012; Latif, 2011). However, critics argue that liberal interpretations risk distorting core Islamic values by prioritizing relativism over divine revelation. The Quran emphasizes, *"And whoever seeks a religion other than Islam, it will never be accepted of him, and in the Hereafter, he will be among the losers"* (QS 3:85).

Moderate Islam and US Strategy

The US promotes "moderate Islam" to counter extremism, defining it as democratic, tolerant, and aligned with secular liberal values (Fuller, 2007; Cohen, 2005). However, Islamic moderation (wasatiah) is fundamentally rooted in Quranic principles of balance, justice, and adherence to Shari'ah. The Quran states, *"Thus, We have made you a just (moderate) nation that you may be witnesses over mankind..."*

(QS 2:143). This contrasts with Western-imposed moderation, which often prioritizes secular ideologies over Islamic teachings. From an Islamic perspective, moderation does not imply abandoning Shari'ah but finding balance between extremes, as exemplified in the Sunnah and Islamic jurisprudence. Supporting secular or liberal interpretations of Islam, as advocated by Rand Corporation, risks eroding Islamic identity and fostering divisions within the Ummah (Rabasa, 2007;³⁰.

Religious Pluralism and Tolerance

US aid programs in Indonesia promote pluralism and interfaith tolerance, often framing them within Western ideals of democracy and coexistence (usaid.gov). However, Islamic pluralism differs fundamentally, emphasizing mutual respect without compromising core Islamic beliefs. Islam views pluralism as a natural and divine reality (sunnatullah) that acknowledges the diversity of religions, cultures, and civilisations as part of God's creation. This understanding of pluralism respects differences while maintaining the distinctiveness of each religion's doctrines and values. In contrast, post-modern ideology, rooted in relativist philosophy (e.g., Nietzsche), perceives pluralism as a framework for unifying diverse beliefs and cultures, often by erasing their differences. This approach seeks to construct common ground through homogenisation, which Islam critiques as an imposition that undermines the authenticity of faith traditions. While Islam embraces diversity as part of God's will, it resists the relativist and secular underpinnings of post-modern pluralism, which often conflict with Islamic principles of truth and exclusivity in faith (Zarkasyi, 2012). The Quran acknowledges diversity: *"To each of you, we prescribed a law and a method. Had Allah willed, He would have made you one nation [united in religion] ..."* (QS 5:48). While this verse emphasizes coexistence, it also reinforces the exclusivity of Islam as the ultimate truth. Theological pluralism, which equates all religions, contradicts Islamic teachings. The Quran clearly states, *"Indeed, the religion in the sight of Allah is Islam..."* (QS 3:19). Promoting pluralism as theological relativism undermines this fundamental belief and risks creating confusion among Muslims.

³⁰ Hamid Fahmy Zarkasyi, *APPRAISING THE MODERATION INDONESIAN MUSLIMS WITH SPECIAL REFERENCE TO MUHAMMADIYAH AND NAHDLATUL ULAMA*, ADDIN, 2018, xii.

Critique of Secular Liberalism

Islam rejects the core principles of liberalism, such as individualism, secularism, and relativism, which separate religion from public life and moral authority. While liberalism prioritises personal freedom and subjective ethics, Islam upholds divinely revealed truths as absolute and integrated into all aspects of life. Unlike theological liberalism in Christianity, which reinterprets doctrines and aligns with postmodern values, Islam views morality and governance as inseparable from faith. This fundamental difference underscores Islam's critique of liberalism as incompatible with its holistic worldview (Zarkasyi, 2012). Similarly, ³¹ explains, secular liberalism, rooted in materialism and relativism, is incompatible with Islamic governance, which prioritizes divine sovereignty and Shari'ah law. The separation of religion from governance contradicts the Islamic principle of tawhid (oneness of Allah), which integrates all aspects of life under divine guidance. The Quran states, *"And judge, [O Muhammad], between them by what Allah has revealed and do not follow their inclinations and beware of them, lest they tempt you away from some of what Allah has revealed to you..."* (QS 5:49). Islamization of knowledge, as proposed by scholars like Naquib Al-Attas, offers an alternative framework that integrates divine principles into contemporary governance. This approach seeks to liberate knowledge from secular ideologies and align it with Islamic values (Al-Attas, 1978). Such efforts emphasize the need for a governance model rooted in Shari'ah, justice, and accountability, rejecting secular liberal frameworks that prioritize individualism and relativism.

Table 1 Summary of Political Implication

The Critiques	Intellectual	Spiritual	Ethical
US promotion of democracy, secularism, and "moderate Islam."	Challenges the compatibility of secular democracy with Islamic teachings on sovereignty and justice (QS 4:58).	May compromise Islamic principles of divine justice, risking detachment from Shari'ah as a holistic life framework.	Raises ethical concerns about imposing external paradigms on Islamic societies, potentially undermining local governance.

³¹ Joseph J. Kaminski, *Islam, Liberalism and Ontology : A Critical Re-Evaluation*.

The Critiques	Intellectual	Spiritual	Ethical
Controversies around redefining Islamic identity to align with Western paradigms.	Liberal interpretations risk relativism over divine revelation (QS 3:85); emphasizes the divide between secular and Islamic governance.	Erodes the spiritual foundation of tawhid, integrating all life under divine guidance.	Undermines the unity of the Ummah, creating ideological divisions that contradict Islamic values of wasatiyah (QS 2:143).
Impacts on Indonesia's civil society and political stability.	Encourages pluralism but risks theological relativism conflicting with Islam's exclusivity (QS 3:19).	Risks confusion in religious identity while promoting interfaith coexistence based on mutual respect (QS 5:48).	Balancing tolerance with adherence to core beliefs is critical to prevent ethical dilution of Islamic governance.

Economic Implications

US Foreign Aid in a form of foreign debt serves as a fiscal tool for governments to address budget deficits, bridging the gap between revenues—such as taxes and public property—and expenditures, which include development projects and operational costs. It is particularly utilized in developing countries to overcome capital shortages, facilitating reconstruction and economic development ⁽³²⁾. By 2020, the total external debt of low- and middle-income countries reached \$8.4 trillion, reflecting a decade of increased borrowing that left many nations vulnerable to sudden shifts in investor sentiment and high debt distress (World Bank, 2021). However, excessive debt servicing burdens have constrained economic growth and sustainable development, with investments often redirected towards debt repayments instead of productive uses (Ayadi et al., 2008; Qayyum et al., 2014). According to Umar Chapra, high debt levels in developing nations often finance excessive consumption and imports rather than investments, resulting in growing trade deficits, declining savings, and reduced opportunities for growth (Chapra, 1992).

³² Monzer Kahf, 'Budget Deficits and Public Borrowing Instruments in an Islamic Economic System', *American Journal of Islam and Society*, 11.2 (1994) <<https://doi.org/10.35632/ajis.v11i2.2428>>; Nurizal Ismail and Baiq Rosmala Dewi, 'Maqasid Shariahs View and Its Solution on Foreign Debt in Indonesia', *Global Review of Islamic Economics and Business*, 1.3 (2015), 229 <<https://doi.org/10.14421/grieb.2014.013-06>>.

In the Islamic worldview, debt is permissible only if it aligns with *maqasid al-Shari'ah*, promoting *maslahah* (public benefit) while avoiding *mafsadah* (harm). However, foreign debt often involves *riba* (usury), which is explicitly prohibited in Islam. The Quran declares: "Those who devour usury will not stand except as one stands whom Satan has driven to madness by his touch... but Allah has permitted trade and forbidden usury" (QS 2:275). The Prophet Muhammad (ﷺ) also condemned usury in all its forms, saying: "The Messenger of Allah cursed the one who accepts usury, the one who pays it, the witness to it, and the one who records it" (Sunan Abi Dawud 3333). Islamic scholars like Sayyid Qutb argue that foreign debt, particularly when it involves usury, is inherently exploitative. He describes it as a tool for systemic oppression, draining resources from developing nations and concentrating power in the hands of an immoral elite, undermining societal morals, economic stability, and justice [Click or tap here to enter text.](#)

The implications of foreign debt from an Islamic perspective as highlighted by (Ismail & Dewi, 2015). highlight significant violations of *maqasid al-Shari'ah*. Firstly, *hifdh al-din* (preservation of faith) is compromised as usurious loans contradict Islamic principles. Secondly, *hifdh al-nafs* (preservation of life) is undermined by debt-induced poverty, which harms societal well-being and moral integrity Thirdly, *hifdh al-nasl* (preservation of progeny) is violated as unsustainable debt burdens are passed to future generations, perpetuating dependency. Additionally, *hifdh al-aql* (preservation of intellect) is compromised when debt conditions erode national sovereignty, limiting decision-making and governance. Finally, *hifdh al-mal* (preservation of wealth) is threatened as debt repayments divert resources from productive investments, stalling economic development.

Moreover, the immorality of foreign debt conditions is evident in practices that often prioritize creditor nations' interests over those of debtor countries. Loans are frequently tied to stringent terms, including policy interventions favouring lenders, leading to dependency and diminished economic sovereignty. Historically, during the Cold War era, many loans were politically motivated, aligning recipients with donor countries' strategic interests rather than their developmental needs ³³. Sayyid Qutb political thoughts liken this to modern

³³ Muhamad Komarudin, 'Foreign Debt in the Perspective of Tafsir Fii Zilaal Al-Qur'an by Sayyid Qutb', *El-Qish: Journal of Islamic Economics*, 1.1 (2021), 41–55 <<https://doi.org/10.33830/elqish.v1i1.1510.2021>>.

colonialism, where developing countries are trapped in endless cycles of borrowing and exploitation, ultimately undermining their ability to achieve self-reliance and equity ³⁴. In conclusion, while debt can serve as a legitimate fiscal instrument, its practice must align with the ethical principles of Islam, ensuring justice, equity, and sustainability. The current global debt paradigm, characterized by usury and exploitative conditions, violates the spiritual, moral, and economic foundations of Islamic governance. For nations like Indonesia, adopting debt policies grounded in *maqasid al-Shari'ah* offers a viable pathway to achieving equitable and sustainable economic growth.

Table 2. Summary of Economics Implication

The Critiques	Intellectual	Spiritual	Ethical
Analysis of foreign debt's burden versus growth contributions.	Foreign debt often constrains growth by redirecting resources to repayments, creating trade deficits and reduced savings (Chapra, 1992; Qayyum et al., 2014).	Usury (riba) in debt violates Islamic teachings: "Allah has permitted trade and forbidden usury" (QS 2:275). Faith preservation (hifdh al-din) is compromised.	Exploitative debt terms undermine equity and sovereignty, violating ethical principles of justice and intergenerational fairness (Komarudin, 2021).
Islamic critique of debt reliance and its alignment with sustainable development.	Islamic debt critique emphasizes aligning with maqasid al-Shari'ah by promoting benefit (maslahah) and avoiding harm (mafsadah) (Ismail & Dewi, 2015).	Usury corrupts society's spiritual integrity and violates wealth preservation (hifdh al-mal) (Sunan Abi Dawud 3333).	Debt burdens passed to future generations violate progeny preservation (hifdh al-nasl) (Qutb, 1986).

³⁴ Sayed Khatab, *The Political Thought of Sayyid Qutb: The Theory of Jahiliyyah*, *The Political Thought of Sayyid Qutb: The Theory of Jahiliyyah*, 2006 <<https://doi.org/10.4324/9780203086438>>.

Geopolitical Implications

Indonesia, home to over 88% of its population adhering to Islam, has a larger Muslim population than all Arab states combined, and Islam has long shaped its social values and norms. During Suharto's authoritarian regime (1965–1998), political Islam was suppressed and excluded from foreign policy. However, in the democratic era, Indonesia's foreign policy increasingly reflects its domestic Islamic values, driven by bottom-up pressures and strategic responses to global dynamics. The post-9/11 environment highlighted Indonesia's democracy, tolerance, and moderate Islam as assets in its foreign relations³⁵. Nonetheless, the diverse nature of Indonesia's Muslim population requires careful navigation to avoid domestic opposition when integrating Islamic principles into foreign policy (Murphy, 2020). Indonesia's commitment to a "free and active" foreign policy involves fostering bilateral relations with major powers like the U.S. and China without formal alliances. A notable example is Indonesia's defence of its maritime sovereignty in the North Natuna Sea against China's claims, leveraging international regulations under UNCLOS 1982 and conducting diplomatic protests³⁶.

The U.S. plays a significant role in Indonesia's strategic development, particularly through foreign assistance aimed at strengthening democratic governance, economic growth, and tolerance. Post-9/11, the U.S. viewed Indonesia as a vital partner for promoting moderate Islam and combating extremism in Southeast Asia. Programs like USAID's grassroots initiatives to support tolerance and pluralism complement Indonesia's domestic and international priorities (USAID.gov). Additionally, U.S. support has bolstered Indonesia's democratic reforms through investments in education, governance, and economic development, showcasing Indonesia as a model for democracy and moderation in the Muslim world. Strategically, U.S. aid positions Indonesia as a counterbalance to China

³⁵ Dewi Fortuna Anwar, 'Foreign Policy, Islam and Democracy in Indonesia', *Journal of Indonesian Social Sciences and Humanities*, 3.1 (2018) <<https://doi.org/10.14203/jissh.v3i1.45>>; Andi Purwono, 'Islam in Foreign Policy: Promotion of Moderate Islam in Indonesia Foreign Policy 2004-2014', *Indonesian Journal of International Relations*, 1.1 (2017) <<https://doi.org/10.32787/ijir.v1i1.10>>.

³⁶ Natasha Hamilton-Hart and Dave McRae, *INDONESIA: BALANCING THE UNITED STATES AND CHINA, AIMING FOR INDEPENDENCE Acknowledgments*, 2015; Chomariyah and Sudirman, *Conflicts Between Chinese And Indonesia In North Natuna Sea-Palarch's*, *Journal Of Archaeology Of Egypt/Egyptology*, xvii.

in the Indo-Pacific region. Indonesia's maritime security initiatives, particularly in contested waters like the North Natuna Sea, have been supported by programs like the U.S. Maritime Security Initiative (MSI), which provided critical surveillance assets such as the ScanEagle 2 unmanned aerial systems in 2022 (maritimesecurity.news). Defense and capacity-building programs, including the Foreign Military Financing Program (FMFP) and the International Military Education and Training (IMET) program, further strengthen Indonesia's defense capabilities, fostering regional stability (state.gov, 2021). Economically, U.S. assistance provides alternatives to Chinese-backed loans under the Belt and Road Initiative (BRI), reducing Indonesia's dependency on Chinese investments. U.S.-supported infrastructure projects align with Indonesia's development goals while addressing concerns about debt dependency (Qayyum et al., 2014). Politically, U.S. foreign assistance amplifies Indonesia's role as a regional leader within ASEAN, emphasizing democratic governance and human rights as counterweights to China's authoritarian model.

By strengthening Indonesia's maritime security, fostering democratic institutions, and supporting economic independence, U.S. foreign assistance aligns with its strategic objectives to counterbalance China's influence in Southeast Asia. Indonesia's pragmatic approach to leveraging foreign aid reflects its balance between maintaining sovereignty and advancing its geopolitical stance in the Indo-Pacific. This interplay highlights Indonesia's importance as a stabilizing force and a key player in regional and global diplomacy.

Islam's foundation is peace, rejecting the notion of perpetual conflict between Islamic and non-Islamic entities. This foundational value has faced scrutiny, especially in light of political Islam's transformation into a counter-hegemonic movement. Political Islam's motivations must be understood in their historical and sociopolitical contexts, emphasizing the interplay of rhetoric, social components, and political programs (Simbar, 2008). Islam's comprehensive guidance extends to all aspects of life, integrating politics within its framework. It does not support the detachment of religion from governance, holding Muslims accountable for aligning politics with Islamic principles. The concept of *Dar al-Islam* (Land of Islam), as elaborated by Al-Nabhani, envisions a system where Muslims have both security and the application of Islamic governance. Scholars like Sayyid Qutb and Ahmed Davutoglu advocated for an Islamic paradigm in global

politics, emphasizing Islam's superiority over Western frameworks, arguing that Islam liberates Muslim societies from Western dominance (Adiong et al., 2019).

Regarding relations between *Dar al-Islam* and *Non-Dar al-Islam*,³⁷ outlines three positions: *war, peace, and neutrality*. Armed jihad is permissible only against oppression or aggression, as evidenced by Qur'anic verses for example Surah Al-Hajj, Ayahs 39-40, mark the initial divine permission for Muslims to engage in self-defence, similarly in Surah Al-Baqarah:190, commands: "Fight in the way of Allah those who fight you but do not transgress. Indeed, Allah does not like transgressors. It underscores the importance of justice and restraint in conflict, aligning with Islamic principles of ethical conduct during warfare. However, Islam prioritizes peace and justice, prohibiting compulsion in religion Surah Al-Baqarah, Ayah 256, states: "There shall be no compulsion in [acceptance of] the religion. The right course has become clear from the wrong..." similarly in Surah Yunus, Ayah 99 and advocating coexistence (Surah Al-Hujurat:13). Armed conflict is subject to strict rules, including proportionality and the protection of civilians and non-combatants. Prohibited actions include unnecessary destruction of property, harm to animals, or targeting places of worship Surah Al-Ma'idah: 2, and Surah Al-Anfal, Ayah 61, states: "And if they incline to peace, then incline to it [also] and rely upon Allah. Indeed, it is He who is the Hearing, the Knowing." Neutrality is also an Islamic principle. The Qur'an acknowledges treaties and agreements for peaceful coexistence. Surah An-Nisa, Ayahs 90-91, provide guidance on how to deal with individuals during times of conflict and emphasize the importance of honouring treaties, exercising discernment in conflict situations, and upholding justice by differentiating between those who seek peace and those who persist in aggression: "Except for those who take refuge with a people between yourselves and whom is a treaty or those who come to you, their hearts strained at [the prospect of] fighting you or fighting their own people. And if Allah had willed, He could have given them power over you, and they would have fought you. So, if they remove themselves from you and do not fight you and offer you peace, then Allah has not made for you a cause [for fighting] against them." "You will find others who wish to obtain security from you and [to] obtain security from their people. Every time they

³⁷ Muhammad Haniff Hassan, *War, Peace or Neutrality: An Overview of Islamic Polity's Basis of Inter-State Relations With Compliments*, 2007.

are returned to [the influence of] disbelief, they fall back into it. So, if they do not withdraw from you or offer you peace or restrain their hands, then seize them and kill them wherever you overtake them. And those — We have made for you against them a clear authorization. These verses outline the following key points: Individuals who seek refuge with those with whom Muslims have a treaty, or those who are averse to fighting both Muslims and their own people, should not be harmed. If they withdraw from hostilities and offer peace, Muslims are instructed to reciprocate peacefully. Conversely, those who oscillate between seeking security from Muslims and their own people, yet repeatedly revert to hostility, should be confronted decisively if they neither withdraw nor offer peace.

Muhammad Zaki describes a treaty between Ali and Muawiya that established neutrality as a means to resolve conflicts based on Qur’anic guidance Surah An-Nisa: 59 and Surah Al-Hujurat: 9-10. Hadith further supports this, with the Prophet advising neutrality in times of internal Muslim conflict, urging individuals to avoid sectarian divisions (Sahih al-Bukhari 7084).³⁸ emphasizes the importance of *Ulil Amri* (those in authority) to ensure neutrality and peace through *ijtihad* (independent reasoning). He argues for incorporating Islamic jurisprudence with contemporary customs while recognizing the context of time and place. This flexibility ensures Islam’s principles remain relevant while fostering peace and justice in modern governance.

Table 3. Summary of Geopolitical Implication

The Critiques	Intellectual	Spiritual	Ethical
Indonesia’s positioning in US-China rivalry.	Indonesia’s strategic non-alignment in foreign policy demonstrates its intellectual pragmatism, balancing bilateral relations with both the US and China without formal alliances (Hamilton-Hart & McRae, 2015).	Islam’s emphasis on peace and coexistence supports non-aggressive stances, aligning with the notion of balancing power dynamics while ensuring justice (Qur’an 49:13, 5:2).	Ethical neutrality demands avoiding harm while ensuring fairness in international engagements, aligning with Islamic principles of proportionality and non-aggression (Qur’an 4:90-91).

³⁸ Hassan, *War, Peace or Neutrality: An Overview of Islamic Polity’s Basis of Inter-State Relations With Compliments*.

The Critiques	Intellectual	Spiritual	Ethical
Strategic partnerships as Counter balancing of China in Indo-Pacific	US foreign aid strengthens Indonesia's maritime security, particularly in the North Natuna Sea, with programs like the Maritime Security Initiative providing critical defense assets (maritimesecurity. news).	Partnerships must align with peace and justice, avoiding alliances that compromise Islamic values of sovereignty and fairness in governance (Qur'an 4:59).	Ethical considerations include ensuring partnerships do not perpetuate dependency or inequity, supporting Indonesia's sovereignty while adhering to Islamic principles of equity and accountability (Qur'an 8:61).
Islamic critique of geopolitical alignments that conflict with religious values.	Scholars like Sayyid Qutb and Ahmed Davutoglu emphasize Islam's superiority over Western frameworks, advocating for Islamic paradigms to resist hegemonic dominance (Adiong et al., 2019).	Islam mandates coexistence with justice and non-compulsion in religion, highlighting peace over conflict (Qur'an 2:256, 10:99) while rejecting alliances that violate core spiritual tenets.	Alignments with powers that impose conditions contradicting maqasid al-Shari'ah (e.g., dependency or injustice) are unethical and undermine Islamic governance, sovereignty, and justice (Sayyid Qutb, 1986; Hassan, 2007).

Conclusion

The Islamic worldview provides a holistic framework for analysing US foreign assistance to Indonesia, integrating spiritual, ethical, and intellectual dimensions into policymaking and governance. Unlike secular ideologies that separate spiritual and temporal realms, Islam emphasizes the totality of life, intertwining material and moral aspects to guide societal and economic systems. This perspective critiques foreign assistance through the lens of Islamic principles, highlighting challenges and opportunities for Indonesia in navigating its geopolitical and economic engagements.

Islamic Political Economy (IPE) provides a comprehensive framework grounded in justice, equity, and ethical resource distribution, emphasizing collective welfare over individual gain. It integrates moral values into governance and market practices, promoting fairness,

reducing poverty, and ensuring equitable wealth distribution. The state plays a pivotal role in regulating markets, fostering societal welfare, and upholding Shari'ah-compliant principles. IPE critiques aid-driven dependency and secular governance for undermining self-sufficiency and sovereignty. It advocates for sustainable development and governance rooted in Islamic principles, offering an ethical and holistic alternative to conventional economic systems.

Islamic International Relations (IIR) offers a distinct framework diverging from Western IR theories by presenting Islam as a holistic socio-political and economic system grounded in Qur'anic and Hadith principles. Unlike secular frameworks that separate religion from governance, IIR emphasizes integrating faith into all aspects of governance, anchored in the concepts of the ummah (Muslim community) and Shari'ah law. This perspective assigns Muslims the role of God's vicegerents (khalifah) to implement divine order, highlighting moral and spiritual dimensions in global relations. One main critique of foreign aid within IIR is its alignment with materialistic and secular paradigms that often prioritize the donor's geopolitical and strategic interests over genuine development. Traditionalist IIR perspectives challenge foreign aid frameworks as instruments of Western hegemony that undermine Muslim sovereignty and reinforce the dominance of secular governance. Reformist perspectives, while more adaptive, critique aid for perpetuating dependency rather than fostering self-reliance and equitable growth. Ultimately, IIR critiques call for an ethical, Shari'ah-compliant approach to global governance, rejecting the material and secular biases of conventional aid systems.

US foreign assistance to Indonesia plays a significant role in shaping the country's political, economic, and geopolitical landscape. Politically, it raises concerns about sovereignty as foreign aid often aligns Indonesia's policies with donor interests, potentially undermining its "free and active" foreign policy. Economically, while aid addresses development needs, its dependencies and riba-based conditionalities contradict Islamic principles of equity and sustainability. Geopolitically, the aid enhances Indonesia's defense capabilities against regional challenges but raises questions about sovereignty and neutrality in alliances. From an Islamic perspective, governance and international relations must adhere to principles of justice, accountability, and self-reliance, ensuring that partnerships align with ethical and non-aggressive frameworks.

The Islamic worldview offers a counter-narrative to secular ideologies driving foreign aid policies, advocating for an integrated approach that balances material benefits with spiritual, ethical, and intellectual considerations. Foreign aid utilization should be aligned with *maqasid al-Shari'ah*, prioritizing justice, sustainability, and national sovereignty. To achieve this, Indonesia must channel aid into projects that promote sustainable development while avoiding conditionalities that conflict with Islamic ethics, such as those involving *riba* or ideological shifts. Aid should be leveraged to build national capacity and self-reliance, minimizing long-term dependency while adhering to Shari'ah principles of equity and accountability. Strategic partnerships must respect Islamic values of peace and neutrality, avoiding entanglements that compromise Indonesia's independent foreign policy stance. In conclusion, US foreign assistance to Indonesia highlights the complex interplay between development needs, geopolitical strategies, and ideological influences. By adopting an Islamic worldview, Indonesia can navigate these dynamics with a framework that prioritizes spiritual integrity, ethical governance, and intellectual sovereignty. This approach strengthens national resilience while aligning foreign aid utilization with broader Islamic objectives of justice, sustainability, and moral accountability.

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