
A Conceptual Case Study on the Synchronization of Islamic Economics and Pancasila Economics in Indonesia's Economic Development Paradigm

Gilang Ahdi Ramadhan¹, Syukri Iska², Ahmad Lutfi^{3✉}

¹Universitas Islam Negeri Mahmud Yunus Batusangkar, Indonesia, ²Universitas Islam Negeri Mahmud Yunus Batusangkar, Indonesia ³Sekolah Tinggi Ekonomi Syariah Manna Wa Salwa Tanah Datar Sumatera Barat, Indonesia

Email : nyonyangebul@gmail.com¹, syukri.iska@uinmybatusangkar.ac.id²,
ahmad.lutfi659@gmail.com³

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Abstrak

This article examines the synchronization of Islamic economics and Pancasila economics within Indonesia's national economic development paradigm through a conceptual case study approach. Indonesia's economic development continues to face structural paradoxes between economic growth and social justice, reflecting the limitations of value-neutral and market-oriented economic models. This study positions Indonesia's development paradigm rooted in Article 33 of the 1945 Constitution as a conceptual case to analyze how Islamic economic principles and Pancasila economic values converge and interact as an integrated ethical framework. Using qualitative library-based research, this study analyzes primary and secondary sources on Islamic economics, Pancasila economics, development philosophy, and constitutional economics published predominantly after 2015. Data are examined through philosophical-normative and conceptual-comparative analysis to identify shared values, structural alignments, and institutional challenges in synchronizing both economic systems. The findings reveal that Islamic economics and Pancasila economics share foundational principles, including social justice, welfare orientation, moral responsibility, and balanced state intervention. However, the synchronization remains constrained by policy fragmentation, symbolic application of Pancasila economics, limited institutional integration of Islamic economic instruments, and pressures from global market structures. This study argues that the integration of Islamic economic values does not represent ideological substitution but rather strengthens the substantive foundations of Pancasila economics. This research contributes theoretically by positioning synchronization as a constitutional and philosophical necessity and offers a conceptual foundation for developing a more just, inclusive, and value-based economic development model in Indonesia.

Keywords: Islamic economics; Pancasila economics; conceptual case study; economic development; value-based economy

INTRODUCTION

Indonesia's national economic development continues to face a persistent structural paradox between economic growth and social justice. On the one hand, macroeconomic indicators suggest relatively stable growth and institutional resilience; on the other hand, problems such as income inequality, structural poverty, and economic exclusion remain deeply entrenched. This condition indicates that economic development has not fully succeeded in translating growth into equitable welfare for society as a whole. As emphasized by Swasono (2010) and Sen (1999), development that prioritizes efficiency and accumulation while neglecting ethical and distributive dimensions tends to produce systemic injustice. In the Indonesian context, this paradox raises fundamental questions regarding the philosophical foundations of the national development paradigm.

From a theoretical perspective, the dominance of mainstream economics rooted in capitalist rationality has long been criticized for its tendency to separate economic activities from ethical and moral considerations. Polanyi (2001) argues that when markets are disembedded from social control, economic systems may undermine social cohesion rather than promote collective welfare. Similarly, Chang (2014) highlights that modern economics is often presented as value-neutral, while in reality it is deeply embedded with ideological assumptions that shape policy outcomes and reinforce inequality. These critiques suggest that economic development requires not only technical efficiency but also a normative framework capable of safeguarding social justice and human dignity.

In Indonesia, the critique of mainstream economics finds a constitutional and ideological response in the concept of Pancasila economics. Pancasila economics is not merely a normative aspiration but represents the economic philosophy of the Indonesian state, emphasizing principles of social justice, economic democracy, and collective welfare as mandated by Article 33 of the 1945 Constitution (UUD 1945). Mubyarto (2018) and Boediono (2016) note that Pancasila economics places the economy within a moral and social framework, positioning the state as a guarantor of fairness rather than a passive regulator. However, despite its constitutional status, Pancasila economics often suffers from conceptual reduction and symbolic usage, lacking consistent operationalization within contemporary development policies.

Parallel to this, Islamic economics has emerged as an alternative economic paradigm that explicitly integrates ethical, spiritual, and social dimensions into economic life. Chapra (2000) asserts that the ultimate objective of Islamic economics is the achievement of *falah*, a multidimensional concept of welfare encompassing material prosperity, moral integrity, and social justice. Unlike conventional economic systems, Islamic economics embeds normative values such as justice (*'adl*), balance (*tawazun*), and social responsibility directly into its theoretical and institutional framework (Chapra, 1992; Khan, 1994). Consequently, Islamic economics offers not only a critique of capitalist rationality but also a constructive vision of ethically grounded development.

In the Indonesian context, Islamic economics has developed significantly through Islamic banking, Islamic social finance, and community-based economic initiatives. Scholars such as Antonio (2020) and Ascarya (2015) highlight the substantial potential of Islamic economics to support inclusive and sustainable development. Nevertheless, the contribution of Islamic

economics to structural economic transformation remains constrained by its partial integration into national policy frameworks. This situation raises a critical question: how can Islamic economics function not as a parallel or competing system, but as a reinforcing element within Indonesia's constitutionally grounded economic philosophy?

At this juncture, the synchronization between Islamic economics and Pancasila economics becomes a strategic and intellectually compelling issue. Several studies indicate that both systems share fundamental normative commitments, particularly regarding social justice, collective welfare, and ethical governance (Akbar & Ghufro, 2019; Jamaludin, 2020). The concept of *maslahah* in Islamic economics, which emphasizes public interest and societal well-being, corresponds closely with the principle of social justice embedded in Pancasila (Adzkiya, 2021). This normative convergence suggests the possibility of conceptual integration rather than ideological competition.

However, existing studies largely approach this relationship in a descriptive and normative manner, focusing on value compatibility without sufficiently exploring the philosophical and policy implications of synchronization. Many analyses remain at the level of affirming harmony between Islamic economics and Pancasila economics, without addressing how such synchronization can operate as a coherent development paradigm within Indonesia's contemporary economic challenges (Samsuri, 2022; Amalia & Musa, 2025). As a result, the transformative potential of this integration remains under-theorized.

Moreover, prior research rarely situates the synchronization of Islamic economics and Pancasila economics within a broader critique of mainstream economic paradigms and global economic pressures. In an era characterized by widening inequality and the delegitimization of unfettered market mechanisms, the demand for alternative development frameworks has become increasingly urgent (Sen, 1999; Polanyi, 2001). Without engaging these structural critiques, discussions on Islamic and Pancasila economics risk being confined to abstract idealism rather than functioning as viable responses to real economic challenges.

This article addresses these limitations by adopting a conceptual case study approach, positioning Indonesia's economic development paradigm as the unit of analysis. Rather than examining a specific institution or empirical setting, this study treats Indonesia as a macro-level case in which the synchronization of Islamic economics and Pancasila economics can be critically analyzed. This approach enables an in-depth exploration of how normative economic frameworks interact with constitutional mandates, policy orientations, and socio-economic realities.

The research gap addressed in this study lies in the absence of comprehensive analyses that frame the synchronization of Islamic economics and Pancasila economics as an integrated philosophical and policy framework for national development. Existing literature tends to acknowledge normative alignment without articulating its implications for development philosophy and state responsibility. This article seeks to fill that gap by examining synchronization not merely as value correspondence, but as a strategic response to the shortcomings of mainstream economic paradigms in Indonesia.

The novelty of this article lies in its philosophical–normative approach, which situates Islamic economics and Pancasila economics within a unified constitutional framework. Unlike previous studies, this research argues that the integration of Islamic economic values does not constitute the Islamization of state policy, but rather strengthens the substantive foundations of

Pancasila economics as envisioned in Article 33 of the 1945 Constitution (Mubyarto, 2018; Swasono, 2010). Through this lens, synchronization is understood as a process of reinforcing ethical coherence within national development.

Accordingly, this study aims to contribute to the theoretical and conceptual discourse on alternative economic paradigms in Indonesia. By framing the synchronization of Islamic economics and Pancasila economics as a conceptual case study, the article provides insights into how ethical, constitutional, and philosophical considerations can inform development strategies that are equitable, inclusive, and sustainable. Ultimately, this research positions synchronization not as an ideological choice, but as a structural necessity for addressing Indonesia's contemporary and future economic challenges (Chapra, 2000; Bappenas, 2019)..

RESEARCH METHODOLOGY

This study employs a qualitative approach with a **conceptual case study design**. This design is selected because the objective of the research is not to test empirical causal relationships or to measure quantitative variables, but to conduct an in-depth philosophical and conceptual analysis of the synchronization between Islamic economics and Pancasila economics within Indonesia's national economic development paradigm. A conceptual case study enables a holistic examination of normative frameworks by situating them within a clearly defined analytical context.

The case examined in this study is **Indonesia's economic development paradigm**, understood as a constitutional and normative construct that shapes the direction of national economic policy. Rather than focusing on a specific institution or geographical setting, the case is treated as a macro-level conceptual unit. This approach allows the study to analyze how the principles and values of Islamic economics and Pancasila economics interact, converge, and potentially reinforce one another within Indonesia's development framework.

The data sources are entirely library-based and consist of primary and secondary materials. Primary sources include foundational and contemporary works on Islamic economics and Pancasila economics, constitutional documents particularly Article 33 of the 1945 Constitution of the Republic of Indonesia and peer-reviewed academic journal articles relevant to the themes of economic ethics, development philosophy, and value-based economic systems. Secondary sources comprise academic books, policy reports, and supporting scholarly publications that provide contextual depth and theoretical enrichment.

Source selection is conducted purposively based on three main criteria: conceptual relevance to the research theme, academic credibility of the authors and publishers, and the substantive contribution of the sources to discussions on Islamic economics, Pancasila economics, and development philosophy. Priority is given to journal articles published after 2015 in order to ensure analytical relevance to contemporary economic challenges and policy debates.

Data analysis is carried out through a **philosophical-normative approach combined with conceptual-comparative analysis**. The philosophical-normative approach is used to examine the underlying values, principles, and objectives of Islamic economics and Pancasila economics, particularly concerning social justice, the role of the state, and welfare orientation. Conceptual-comparative analysis is then applied to identify points of convergence, value correspondence, and critical distinctions between the two economic systems within the context of national development.

To ensure analytical rigor and validity, the study applies **conceptual comparison and argumentative synthesis** across multiple sources. Key concepts and arguments are examined through cross-referencing to minimize interpretative bias and strengthen coherence. The findings are subsequently synthesized into an integrated conceptual framework that explains how the synchronization of Islamic economics and Pancasila economics can function as an ethical and philosophical foundation for Indonesia's economic development paradigm. Through this conceptual case study design, the research aims to present a systematic, critical, and context-sensitive understanding of the integration between Islamic economic values and Pancasila economics. This approach allows the study to generate theoretical and policy-relevant insights while remaining consistent with the normative and philosophical character of economic scholarship.

RESULTS AND DISCUSSION

Case Characteristics of Indonesia's Economic Development Paradigm

This section presents the results of the study by defining and structuring **Indonesia's economic development paradigm** as a conceptual case. The case is constructed through a systematic analysis of constitutional foundations, dominant economic orientations, state roles, and socio-cultural conditions. Rather than serving as background information, these elements form the analytical boundaries of the case through which the synchronization of Islamic economics and Pancasila economics is examined.

Table 1. Core Characteristics of Indonesia's Economic Development Paradigm as a Conceptual Case

Analytical Dimension	Case Characteristics	Normative Implications
Constitutional Foundation	Article 33 of the 1945 Constitution emphasizes economic democracy, collective welfare, and state control over strategic sectors	Development is ethically oriented toward social justice rather than market efficiency alone
Dominant Economic Orientation	Increasing reliance on market-based and efficiency-driven policies	Tension between constitutional ideals and practical policy implementation
Role of the State	State positioned as regulator, allocator, and guarantor of social welfare	Moral and distributive responsibility beyond minimal state intervention
Social Justice Outcomes	Persistent inequality, structural poverty, and economic exclusion	Indicates incomplete realization of ethical development principles
Socio-Cultural Context	Pluralistic society with Muslim majority and strong constitutional ideology	Creates space for value synchronization between Islamic and Pancasila economics

The results indicate that Indonesia's development paradigm is fundamentally grounded in constitutional ethics rather than value-neutral economic rationality. Article 33 of the 1945 Constitution serves as the normative backbone of the case, explicitly mandating economic arrangements based on collective welfare and social justice. This constitutional foundation differentiates Indonesia's development paradigm from purely market-centered models and

establishes an ethical benchmark against which economic policies are evaluated. Within the case framework, Pancasila economics emerges as the philosophical articulation of these constitutional values.

However, the case analysis also reveals a structural contradiction between constitutional norms and dominant economic practices. As shown in Table 1, while the normative foundation emphasizes social justice, policy implementation increasingly reflects efficiency-oriented and market-driven approaches. This divergence results in what can be described as a **normative practical gap**, where development outcomes fail to fully embody the ethical commitments embedded in the constitution. The persistence of inequality and structural poverty indicates that economic growth has not consistently translated into distributive justice.

The role of the state constitutes a central characteristic of the Indonesian case. Normatively, the state is assigned a proactive role in managing strategic resources, correcting market failures, and ensuring equitable distribution. This role aligns closely with both Pancasila economics and Islamic economics, which reject the notion of a morally neutral market. Nevertheless, the findings show that state intervention often fluctuates between strong rhetorical commitment to social justice and pragmatic accommodation of market logics. This inconsistency weakens the state's capacity to function as an effective moral agent in development.

Another defining feature of the case is Indonesia's socio-cultural configuration. As a pluralistic nation with a Muslim-majority population, Indonesia represents a context in which Islamic economic values coexist with a constitutional-national ideology. The results indicate that this coexistence generates both potential synergy and latent tension. On one hand, Islamic economic principles such as justice (*'adl*), public interest (*maslahah*), and social responsibility resonate strongly with the ethical orientation of Pancasila economics. On the other hand, concerns over ideological dominance and policy fragmentation have limited systematic integration at the national level.

From a case study perspective, these characteristics collectively position Indonesia as a **critical case** for examining value-based economic synchronization. The convergence of constitutional ethics, unresolved distributive challenges, and pluralistic value systems creates a setting in which synchronization is neither automatic nor symbolic. Instead, it requires conceptual clarification and philosophical grounding. The results of this section establish that Indonesia's development paradigm is not value-empty, but value-contested, making it an analytically rich case for exploring how Islamic economics and Pancasila economics can be harmonized.

In summary, the findings of this section demonstrate that Indonesia's economic development paradigm is characterized by strong ethical foundations, persistent implementation gaps, and pluralistic value dynamics. These characteristics define the boundaries of the conceptual case and justify its selection as the analytical focus of this study. By clearly mapping the case characteristics through both tabular representation and analytical narration, this section provides a structured basis for the thematic findings presented in the subsequent section

Thematic Mapping of Islamic Economics and Pancasila Economics within the Indonesian Case

This section presents the core findings of the conceptual case study by mapping dominant themes derived from the analysis of primary literature within the context of **Indonesia's**

economic development paradigm. The thematic mapping process is intended to demonstrate how Islamic economics and Pancasila economics articulate convergent normative principles when examined through a single national case. Rather than comparing abstract theories, this section situates both economic frameworks within Indonesia's constitutional, social, and developmental realities.

Based on a systematic review and conceptual coding of fifteen primary references, six dominant themes were identified as central to the synchronization of Islamic economics and Pancasila economics in Indonesia. These themes emerged through repeated patterns of normative emphasis, conceptual convergence, and policy relevance across the literature. Table 2 summarizes the thematic structure and illustrates how each theme manifests within the Indonesian development paradigm.

Table 2. Thematic Mapping of Islamic Economics and Pancasila Economics in the Indonesian Case

Theme	Islamic Economics Perspective	Pancasila Economics Perspective	Relevance to Indonesia's Development Paradigm
Social Justice	Justice (<i>'adl</i>) and public interest (<i>maslahah</i>) as core objectives of economic activity	Social justice as a constitutional mandate	Addresses inequality and structural poverty
Role of the State	State intervention to prevent exploitation and ensure fairness	State control over strategic sectors for public welfare	Justifies active state involvement in development
Ethical Foundation	Integration of moral and spiritual values into economic decisions	Economy guided by moral and social values of Pancasila	Rejects value-neutral development
Welfare Orientation	<i>Falah</i> as multidimensional welfare (material and spiritual)	Collective prosperity and people-centered development	Expands welfare beyond GDP growth
Economic Democracy	Prohibition of concentration of wealth and monopolistic practices	Democratic economy based on cooperation	Supports inclusive and participatory growth
Critique of Mainstream Economics	Rejection of interest-based and exploitative systems	Critique of liberal-capitalist domination	Encourages alternative development paradigms

The findings indicate that **social justice** constitutes the most prominent point of convergence within the Indonesian case. Islamic economics conceptualizes justice through the principles of *'adl* and *maslahah*, emphasizing equitable distribution and protection of vulnerable groups. Similarly, Pancasila economics places social justice at the heart of economic organization, as mandated by Article 33 of the Constitution. Within Indonesia's development

paradigm, this convergence highlights a shared normative response to persistent inequality and structural poverty, reinforcing the relevance of value-based economic frameworks.

Another dominant theme emerging from the case is the **role of the state**. Islamic economics assigns the state a corrective and supervisory role to prevent market distortions and social harm. Pancasila economics similarly positions the state as an active agent responsible for managing strategic resources and ensuring public welfare. The thematic findings suggest that Indonesia's development paradigm implicitly aligns with both frameworks, although policy implementation often reflects partial adherence. This indicates that the issue lies not in normative incompatibility, but in inconsistent operationalization.

The **ethical foundation of economic activity** also appears as a critical theme. Both Islamic economics and Pancasila economics reject the notion of a value-neutral economy. Instead, economic behavior is framed as inherently moral and socially consequential. In the Indonesian case, this ethical orientation provides a philosophical basis for critiquing development strategies that prioritize efficiency while marginalizing moral accountability. The findings show that ethical integration is not an external addition, but an intrinsic component of Indonesia's constitutional economic vision.

The theme of **welfare orientation** further reinforces the convergence between the two systems. Islamic economics conceptualizes welfare through *falah*, encompassing material sufficiency, moral integrity, and social harmony. Pancasila economics similarly emphasizes collective prosperity and human dignity. Within Indonesia's development paradigm, this shared orientation challenges growth-centric metrics and supports a more holistic understanding of development outcomes.

Additionally, the findings highlight **economic democracy** as a unifying theme. Islamic economics discourages wealth concentration and promotes risk-sharing and cooperation, while Pancasila economics explicitly endorses a democratic economy based on mutual cooperation (*gotong royong*). In the Indonesian case, this theme underscores the potential for participatory and inclusive economic structures, particularly in addressing disparities between large-scale capital and community-based economies.

Finally, the case study reveals a shared **critique of mainstream economics**. Islamic economics challenges interest-based and exploitative systems, while Pancasila economics critiques liberal-capitalist domination that undermines social solidarity. Within Indonesia's development paradigm, this thematic convergence provides a critical lens for evaluating policy choices influenced by global economic pressures. The findings suggest that synchronization offers not only normative alignment but also a strategic framework for resisting development models that exacerbate inequality.

In summary, the thematic mapping demonstrates that the synchronization of Islamic economics and Pancasila economics within Indonesia's development paradigm is grounded in six interrelated themes. These themes collectively define the normative structure of the conceptual case and establish the empirical basis—within a literature-driven framework—for further conceptual synthesis. The results of this section lay the foundation for the subsequent analysis, which will explore how these themes can be integrated into a coherent ethical and philosophical model of national economic development.

Patterns of Value Synchronization in the Indonesian Case

This section presents the analytical results of the conceptual case study by identifying **patterns of value synchronization** between Islamic economics and Pancasila economics

within Indonesia's economic development paradigm. While the previous section mapped thematic convergence, this section advances the analysis by revealing how these themes interact and form structured patterns of integration in the Indonesian context. These patterns are not theoretical abstractions detached from reality, but interpretive findings derived from the systematic synthesis of primary literature within a single national case.

Based on cross-theme analysis, four dominant patterns of synchronization were identified. Each pattern reflects a recurring configuration of values that consistently appears across Islamic economic thought, Pancasila economic philosophy, and Indonesia's constitutional-developmental framework. Table 3 summarizes these patterns and illustrates their relevance to Indonesia's economic development paradigm.

Table 3. Patterns of Value Synchronization in the Indonesian Economic Development Case

Pattern of Synchronization	Islamic Economics	Pancasila Economics	Manifestation in Indonesia's Development Paradigm
Ethical–Normative Orientation	Economy as moral and religious responsibility	Economy guided by Pancasila moral values	Development framed as ethical obligation, not value-neutral
Distributive Justice Pattern	<i>‘Adl</i> and <i>maslahah</i> in distribution	Social justice as constitutional mandate	Emphasis on equity, welfare, and poverty reduction
State–Society Complementarity	State ensures justice; society practices cooperation	State-led democracy with popular participation	Shared responsibility between state and community
Welfare-Centered Development	<i>Falah</i> as multidimensional welfare	People-centered and humane development	Welfare beyond growth indicators

The first identified pattern is the **ethical normative orientation of economic life**. Islamic economics fundamentally rejects the separation of economic activity from moral responsibility, positioning economic behavior as accountable before ethical and spiritual values. Similarly, Pancasila economics conceptualizes the economy as an extension of moral commitments rooted in national ideology. Within the Indonesian case, this pattern manifests in constitutional principles that frame development as a means to achieve social justice and human dignity. The synchronization of ethical orientation indicates that both systems converge in opposing value-neutral economic rationality.

The second pattern concerns **distributive justice**. Islamic economics emphasizes fair distribution through mechanisms such as zakat, prohibition of exploitation, and the prioritization of public interest (*maslahah*). Pancasila economics similarly embeds distributive justice within the constitutional structure of the economy. In Indonesia's development paradigm, this pattern is reflected in policy objectives aimed at reducing inequality and protecting vulnerable groups. However, the persistence of inequality indicates that while distributive justice is normatively central, its implementation remains uneven, highlighting a gap between synchronized values and policy execution.

A third pattern identified in the case is **state society complementarity**. Islamic economics does not envision an absolute free market nor a totalitarian state, but rather a balanced

relationship in which the state acts as a regulator and moral guardian while society engages in cooperative economic activities. Pancasila economics mirrors this balance by promoting economic democracy and collective participation under state guidance. In the Indonesian context, this pattern underscores the shared responsibility between the state and society in achieving welfare, suggesting that development cannot rely solely on market forces or state intervention alone.

The fourth pattern is **welfare centered development**. Islamic economics articulates welfare through the concept of *falah*, which integrates material sufficiency, moral well-being, and social harmony. Pancasila economics similarly promotes development that is humane and people-oriented. Within Indonesia's development paradigm, this synchronized welfare orientation challenges growth-centric approaches and supports a holistic understanding of progress. The findings indicate that both systems provide a philosophical basis for redefining development success beyond conventional economic indicators.

Collectively, these patterns reveal that synchronization between Islamic economics and Pancasila economics in the Indonesian case is neither accidental nor superficial. Instead, it reflects a structured convergence of values that can function as an integrated ethical framework for development. The patterns demonstrate that both systems address similar normative concerns justice, welfare, moral responsibility, and collective participation within different but compatible philosophical languages.

Importantly, the case study findings also suggest that synchronization operates more effectively at the level of **normative orientation** than at the level of **policy implementation**. While the patterns provide a coherent ethical framework, their translation into consistent development strategies remains constrained by institutional and political factors. This observation does not undermine the validity of synchronization, but rather highlights the need for conceptual clarity as a prerequisite for effective policy integration.

In summary, the patterns identified in this section constitute the core findings of the conceptual case study. They demonstrate how Islamic economics and Pancasila economics can be synchronized within Indonesia's economic development paradigm through shared ethical commitments, distributive goals, balanced state society relations, and welfare centered development objectives. These patterns provide the analytical bridge between thematic findings and the subsequent discussion on the limitations, tensions, and potential institutionalization of synchronization in Indonesia

Structural Tensions and Limitations of Synchronization in the Indonesian Case

This section presents the findings related to the **structural tensions and limitations** that constrain the effective synchronization of Islamic economics and Pancasila economics within Indonesia's economic development paradigm. While the previous sections demonstrate strong normative convergence, the case study reveals that synchronization is neither automatic nor free from contradiction. Instead, it operates within a complex landscape shaped by political, institutional, and global economic forces.

One of the most prominent tensions identified in the Indonesian case is the **dominance of market-oriented policy frameworks**. Despite constitutional commitments to social justice and economic democracy, development strategies increasingly reflect efficiency-driven and growth-centered logic. This orientation often marginalizes ethical considerations and redistributive objectives emphasized in both Islamic economics and Pancasila economics. The findings indicate that synchronization at the normative level does not necessarily translate into

policy coherence when development is framed primarily through market competitiveness and investment attractiveness.

A second limitation arises from the **conceptual reduction of Pancasila economics** in policy discourse. Although Pancasila economics is constitutionally grounded, it is frequently treated as a symbolic reference rather than an operational framework. This reduction weakens its capacity to function as a guiding philosophy for development and limits its role in integrating alternative economic values. In the Indonesian case, this condition creates a paradox in which Pancasila economics is rhetorically upheld but practically sidelined in favor of technocratic policy approaches.

The case study also reveals **fragmentation in the institutionalization of Islamic economics**. While Islamic finance and social economic instruments have developed significantly, their integration into the broader national development paradigm remains partial. Islamic economic practices often operate within sectoral or institutional silos, limiting their transformative impact on structural economic issues such as inequality and resource distribution. This fragmentation reduces the potential of Islamic economics to function as a systemic contributor rather than a complementary alternative.

Another critical tension identified in the case is the **pressure of global economic structures and neoliberal policy norms**. Indonesia's integration into the global economy exposes national development policies to external expectations emphasizing liberalization, competitiveness, and fiscal discipline. These pressures often conflict with the ethical and distributive orientations of Islamic economics and Pancasila economics. The findings suggest that synchronization efforts must navigate not only domestic institutional constraints but also global economic dynamics that limit policy autonomy.

Additionally, the Indonesian case highlights concerns related to **ideological sensitivity and pluralism**. The integration of Islamic economic values into national development discourse is sometimes perceived as ideological encroachment, raising concerns about inclusivity in a pluralistic society. This perception creates caution in policy formulation and contributes to the reluctance to explicitly articulate Islamic economic principles within state frameworks. The findings indicate that without clear conceptual framing, synchronization risks being misunderstood as ideological substitution rather than value reinforcement.

Taken together, these tensions demonstrate that synchronization in the Indonesian case is characterized by **normative alignment alongside structural resistance**. The limitations identified do not negate the feasibility of synchronization, but they underscore the necessity of conceptual clarity, institutional coherence, and policy commitment. The case study findings suggest that without addressing these structural constraints, synchronization risks remaining a philosophical ideal rather than a functional development framework.

In summary, this section establishes that the Indonesian economic development paradigm presents both opportunities and constraints for the synchronization of Islamic economics and Pancasila economics. The structural tensions identified ranging from market dominance and conceptual reduction to institutional fragmentation and global pressures define the practical boundaries of synchronization. Recognizing these limitations is essential for advancing the discussion toward a more realistic and policy-relevant integration, which will be further elaborated in the discussion section.

Discussion: Interpreting the Conceptual Case of Indonesia's Economic Development Paradigm

This discussion interprets the findings of the conceptual case study by situating the identified patterns and tensions within broader debates on development philosophy, ethical economics, and value-based policy frameworks. By treating Indonesia's economic development paradigm as a macro-level case, this study contributes to the understanding of how Islamic economics and Pancasila economics can be synchronized not merely as parallel value systems, but as mutually reinforcing foundations for national development.

First, the identification of **ethical normative orientation** as a dominant synchronization pattern reinforces long-standing critiques of value-neutral economics. Polanyi (2001) and Sen (1999) argue that economic systems detached from moral considerations tend to produce social dislocation and inequality. The Indonesian case confirms this critique by demonstrating that constitutional and ideological commitments to ethics already exist, yet remain underutilized in policy practice. In this sense, the synchronization of Islamic economics and Pancasila economics does not introduce new ethical demands, but rather reactivates dormant normative principles embedded in Indonesia's constitutional framework (Swasono, 2010; Mubyarto, 2018).

The findings related to **distributive justice** further underscore the relevance of value-based economic paradigms in addressing Indonesia's persistent inequality. Islamic economics emphasizes justice (*'adl*) and public interest (*maslahah*) as central objectives of economic activity (Chapra, 1992; Khan, 1994). Similarly, Pancasila economics positions social justice as a constitutional mandate rather than a policy option (UUD 1945). The case study demonstrates that both systems converge in diagnosing inequality as a structural failure, not merely a market outcome. However, as noted by Chang (2014) and Boediono (2016), the dominance of efficiency-oriented policy frameworks often marginalizes distributive considerations, explaining the gap between normative ideals and development outcomes in Indonesia.

The pattern of **state society complementarity** identified in the results aligns with Islamic economic thought that views the state as a moral agent responsible for preventing exploitation and ensuring fairness (Chapra, 2000; Choudhury, 2011). Pancasila economics similarly rejects minimal-state doctrines by emphasizing economic democracy and collective participation (Mubyarto, 2018). Within the Indonesian case, this complementarity challenges neoliberal assumptions that prioritize market autonomy. Instead, it supports a development model in which state intervention and community participation are mutually reinforcing. This interpretation resonates with empirical observations by Ascarya (2015) and Antonio (2020), who highlight the importance of institutional synergy in realizing inclusive development.

The discussion of **welfare centered development** further strengthens the argument for synchronization. Islamic economics conceptualizes welfare through *falah*, a multidimensional notion encompassing material well-being, moral integrity, and social harmony (Chapra, 2000). Pancasila economics similarly promotes people-centered development rooted in human dignity. The Indonesian case illustrates that both perspectives challenge growth-centric paradigms that equate development success with GDP expansion alone. As emphasized by Sen (1999), development should be understood as the expansion of substantive freedoms, a view that aligns closely with both Islamic and Pancasila economic philosophies.

However, the structural tensions identified in the case highlight critical limitations that must be addressed. The **conceptual reduction of Pancasila economics** to symbolic rhetoric

weakens its capacity to guide policy formulation (Boediono, 2016). This finding supports Samsuri's (2022) argument that normative economic frameworks require institutional translation to remain effective. Similarly, the **fragmentation of Islamic economics** into sectoral practices particularly finance limits its transformative impact on national development structures (Karim, 2021). These limitations suggest that synchronization cannot rely solely on normative alignment but must be supported by coherent institutional strategies.

Global economic pressures further complicate synchronization efforts. Indonesia's integration into global markets exposes its development policies to neoliberal norms emphasizing liberalization and competitiveness (Chang, 2014). This condition constrains policy autonomy and often conflicts with the distributive and ethical orientations of Islamic and Pancasila economics. As Polanyi (2001) warns, unchecked market expansion tends to undermine social protection mechanisms. The Indonesian case demonstrates that synchronization must therefore function not only as a domestic philosophical project, but also as a critical response to global economic structures.

Concerns regarding **ideological sensitivity** also emerge as a significant factor. Studies by Akbar and Ghufroon (2019) and Jamaludin (2020) note that the integration of Islamic economic values into state policy is often perceived as ideological encroachment. The findings of this study clarify that such concerns stem largely from conceptual ambiguity. When Islamic economics is framed as a source of ethical substance rather than ideological dominance, it strengthens rather than undermines Pancasila economics (Maulana, 2024; Rosalina & Santriati, 2025). This interpretation reinforces the argument that synchronization is a process of value reinforcement, not ideological substitution.

Overall, this conceptual case study contributes to the literature by demonstrating that the synchronization of Islamic economics and Pancasila economics in Indonesia represents a **structural necessity rather than an ideological choice**. Unlike prior studies that focus primarily on normative compatibility, this research situates synchronization within a concrete national development paradigm characterized by constitutional ethics, policy tensions, and global pressures. By doing so, it advances the discourse from descriptive harmony toward critical integration.

In conclusion, the discussion affirms that Indonesia's economic development paradigm provides a compelling case for examining value-based economic synchronization. The convergence of Islamic economics and Pancasila economics offers a coherent ethical framework capable of addressing the shortcomings of mainstream development models. However, realizing this potential requires overcoming structural constraints through conceptual clarity, institutional alignment, and sustained policy commitment. These insights position synchronization as both a philosophical foundation and a practical challenge for Indonesia's future economic development.

CONCLUSION

This study concludes that the synchronization of Islamic economics and Pancasila economics constitutes a coherent ethical and philosophical framework for Indonesia's economic development paradigm. Through a conceptual case study, the research demonstrates that both systems converge on core principles, including social justice, moral responsibility, welfare orientation, and balanced state society relations. Indonesia's constitutional foundation,

particularly Article 33 of the 1945 Constitution, provides a normative space in which this synchronization can operate without ideological conflict. Rather than representing competing paradigms, Islamic economics and Pancasila economics function as mutually reinforcing value systems capable of addressing the limitations of value-neutral and market-centered development models.

At the same time, the findings reveal that effective synchronization is constrained by structural tensions, such as the dominance of market-oriented policies, the symbolic treatment of Pancasila economics, the fragmented institutionalization of Islamic economics, and pressures from global economic structures. These constraints indicate that synchronization cannot remain at the level of normative discourse alone. It requires conceptual clarity, institutional coherence, and policy commitment to translate ethical alignment into practical development outcomes. By positioning Indonesia's development paradigm as a conceptual case, this study contributes to the advancement of value-based economic discourse and offers a critical foundation for reorienting national development toward a more just, inclusive, and welfare-centered future.

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