

Islamic Economics Thoughts and Schools

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Abstract

Islamic economics developed from the history of Muslim thinkers in the past. They see that in the order of community life as a whole there is no separation of scientific disciplines, so they see that in this case there is a need for policies that regulate the community's economy. This can be used as a tool to see why economics has not been discovered as a separate discipline in the past. In addition to knowing the relevance of whether Islamic economics is a combination of two economic systems or does it stand alone and is an alternative economy in the current era, it is necessary to study the thoughts and schools of Islamic economics.

Keywords

thought; school; Islamic economics



I. Introduction

Believing in the existence of Allah SWT is the main principle that must exist in human life. He is God, the Creator of the whole universe and its contents. While humans are creatures created by Allah SWT in the best form and sent as caliphs on earth. Thus, in carrying out their role as servants of Allah, humans are always required to contribute in broadcasting Islam both in terms of muamalah or others.

Islamic economics developed from the history of Muslim thinkers in the past. They see that in the order of community life as a whole there is no separation of scientific disciplines, so they see that in this case there is a need for policies that regulate the community's economy. So that Muslim scholars provide many ideas and scientific input in the economic field. The works they produce have views that are full of religious and intellectual values and are supported by empirical facts.

The economic practices and policies that took place during the time of the Prophet Muhammad and Khulafaurrasydin are real evidence that are used as guidelines and guidelines for Muslim scientists in producing new theories about economics. In this regard, we need to examine the thoughts and schools of Islamic economics.

II. Research Method

The research method referred to here is an approach that the compiler will use as a support in seeking explanations, information and notes related to the discussion that will be raised. Where with this method the author will be able to solve or solve problems or find new things that are useful, well, systematically, logically and practically as well as the results can be categorized as scientific.

The type of research used in this study is a study that aims to obtain answers to problem questions whose main data source is obtained from a literature review. This research is usually called library research, which means an effort to collect data by using literary writing sources. That is, this research will focus on library research. Meanwhile, the source in question will be described in the next section.

Based on the data obtained, the compiler compiles and analyzes the collected data, using descriptive-analytic method. The performance of the descriptive-analytic method is by analyzing the data carefully, explaining the data and then drawing conclusions.

III. Discussion

3.1 Portrait of the History of Islamic Economic Thought

The condition of the people of Medina at the beginning of the Islamic government was very apprehensive so that it gave an illustration that the country could not be mobilized in a short period of time. So that the Prophet looked for opportunities to change the situation for a better direction until the struggle of the Prophet after his death was continued by his companions.

The development of Islamic economics is part of the traces of the history of Islamic civilization. Rasulullah SAW improved the economic order and the state's financial condition in accordance with the provisions contained in the Qur'an. In running the wheels of government, the Prophet laid the foundations of the economy for the progress of the country which includes:

- a. Enabling the Baitul Maal
- b. Build a mosque
- c. Rehabilitation of the muhajirin
- d. Forming the country's constitution
- e. Laying the foundations of the state financial system
- f. Non-Muslim Income Policy
- g. Government Expenditure Policy

In terms of the economy, the Prophet has taught trade transactions honestly, fairly and never makes his customers complain and be disappointed. He always keeps his promise and delivers his merchandise with the standard and quality according to customer demand. In addition there are several prohibitions imposed by the Prophet to keep someone from doing justice and honesty, namely:

- a. Prohibition of najsy
- b. Ban bay' ba'dh 'ala ba'dh
- c. Prohibition of talaqqi al rukhban
- d. Prohibition of ihtinaz and ihtikar

After the Prophet died, all the reins of leadership were continued by four companions of the Prophet called Khulafaurrasyidin. The four companions were the caliphs Abu Bakr ash-Siddiq, Umar bin Khatab, Uthman bin Affan and Ali bin Abi Talib (Majid and Muhammad, 2003). In this period not many economists were born because the caliphs acted as representatives of continuing the struggle of the Prophet Muhammad. Decisions and policies taken still refer to the caliph.

In this period, Abu Bakr as caliph who laid the foundation of government, then Umar continued to form a modern state that led Daulah Islamiyah to reach its golden age. Under Uthman's leadership, Islam reached the peak of its glory, but in the midst of its leadership, rebellions began to occur due to the practice of corruption and nepotism in the government. So that continued with Ali's leadership, this period was the darkest period, because the first war occurred among Muslims (Kurniawan et al., 2014).

In the Umayyad dynasty which entered the Middle Ages, this dynasty was a militant dynasty. This is evidenced by the expansion of the region which will have an impact, one of which is in the economic field. This can be seen from the economic policies of the

Baitul Maal, policies that are in direct contact with community economic activities and regional autonomy policies so that they have an impact in the monetary and fiscal fields.

Then the development of Islamic economic thought continued from the early centuries to the fifth century Hijri which is known as the basic phase of Islamic economics which was pioneered by the Fuqoha followed by Sufis and then philosophers (Chamid, 2010). During this period, many Muslim scholars had lived with Rosulullooh and the tabi'in so that they could obtain accurate references to Islamic teachings such as Hasan al Basri (110/728), Zayd bin Ali (120/798), Abu Hanifah (150/767), Abu Yusuf (182/798), Muhammad bin Hasan al Shaybani (189/804), Yahya bin Adam (203/818), Shafi'i (204/820), Abu Ubayd (224/838), Ahmad bin Hambal (241/855), al-Kindi (260/873), Junaidi Baghdadi (297/910), al-Farabi (339-950), Ibnu Miskawiyh (421/1030), Ibnu Sina (428/859), dan Mawardi (450/1058) (Anto, 2003).

The second period of the 11th century to the 15th century AD was a glorious phase because it was rich in the intellectual heritage of economic thinkers. They formulate a concept of how people carry out economic activities based on the Koran and Hadith. They were born from Islamic territories such as Morocco, West Spain to East India. Thinkers whose works are famous for being used as scientific references, for example: Al-Ghazali, Nasirudin Tusi, Ibn Taimiyah, Ibn Khaldun, Al Maghrizi, Asy Syatibi, Abdul Qadir Tufayl, Ibn Rushd.

The third period started from 1446 to 1932 AD as the phase of closing the door of ijtihad (independent judgment) so that this period was called the stagnation phase (Karim, Masruroh and Indonesia, 2002). The fuqoha only take summaries and important things in giving fatwas based on the regulations of each school. In this period the glory and progress of the economic thought of Muslims experienced a decline. However, there are still economic thinkers who can be used as scientific references such as Shah Waliullah, Muhammad bin Abdul Wahab, Jamaluddin al-Afghani, Muhammad Abduh, Ibn Nujaym, Ibn Abidin, Ahmad Sirhindi and Muhammad Iqbal.

Then the 1930s was a period of revival of intellectual thinkers in the Islamic world. This happened after the independence of Muslim countries from Western colonialism so that it aroused the spirit of Muslim scholars in developing their ideas and thoughts. In this era, reliable Islamic economic thinkers were born such as Ali Syariati, Abbas Mirakhor, Baqir al-Hasani, Kadim al-Sadr, Iraj Toutouchian, Hedayati, Umar Chepra, Metwally, MA Mannan, Monzer Kahf, Fahmi Khan, Muhammad Akram Khan, Syafi'i Antonio, and Adiwarmann Karim (Havis Aravik, 2017).

3.2 Schools in Islamic Economics

Islam is a religion of truth from Allah and the ultimate truth. However, human understanding of Islam is relative, due to limitations. Therefore, it is not surprising that there are various kinds of human theoretical views on Islam even though the references are the same, as long as the things they do do not violate the customers of the Qur'an and Sunnah.

In Islamic economics, we need a discussion that is mapped in the form of an Islamic economic view that is studied from a contemporary perspective. These thoughts are grouped into three schools of thought. that is:

a. The Baqir Al-Sadr . School

This school argues that there is a fundamental difference between economics and Islam. Economics is a separate part of economics while Islam is Islam, so it cannot be combined into a branch of Islamic economics. This opinion originated from his

disagreement in defining economics, that the root of economic problems arises because of limited economic resources, and then human needs are not limited. Despite modest progress in some countries, the post-colonial state has been unable to establish rights-based political and economic systems of governance that would facilitate consolidation of state-building and promote economic development (Monga, 2019). Particularly, whether inflation is necessary or harmful form economic growth constitutes the basis of the matter in question (Eden in Wollie, 2018). This of course will lead to a different meaning.

They assume that Islam does not recognize the concept of limited economic resources, because this universe was created by Allah as wide as possible so that if humans are able to make the best use of it, there will never be such a thing as scarcity.

Human needs have been provided by Allah SWT which is measured perfectly. For example, oxygen is available on earth which is used by all living things to carry out their lives.

Another problem in the economy is the unequal distribution. This arises because of the exploitation of parties who want to control more than predetermined portions. So that there will be an imbalance in running the economy. Therefore, to achieve harmony in the economy, there are things that need to be done including:

- 1) Changing the word Islamic economics with iqtisad which means harmony, equality, balance (in between).
- 2) Reorganizing and improving economics itself which is sourced from the Qur'an and Sunnah towards a new theory of economics which is labeled Islamic economics (Nawawi, 2013).

b. Mainstream School

This school assumes that the difference between conventional economics and Islamic economics is the way to achieve the goal. This thinking agrees with the conventional economic view that economic problems arise because of limited economic resources while human needs are unlimited. This view is different from the school of Baqir Al-Sadr.

According to this school, partially it is very possible that there will be a scarcity of economic resources, although as a whole there will be a balance. Because human needs are not limited, through the teachings of Islam humans are required to control their desires, because if the desires are not controlled, it will make human life itself miserable.

The mainstream schools were pioneered by thinkers from the Islamic Development Bank (IDB) such as Umar Chepra, MA Mannan, Nejatullah Siddiqi, Khursid Ahmad, Monzer Khaf, they acknowledged that there was scarcity in the economy. As Allah says in Surah Al-Baqarah 155:

وَلَنَبْلُوَنَّكُمْ بِشَيْءٍ مِّنَ الْخَوْفِ وَالْجُوعِ وَنَقْصٍ مِّنَ الْأَمْوَالِ وَالْأَنْفُسِ
وَالثَّمَرَاتِ ۗ وَبَشِيرِ الصَّابِرِينَ

And we will surely test you with a little fear, hunger, lack of wealth, soul and fruit. And give good news to those who are patient.

Then regarding unlimited human needs, it is also in accordance with the word of Allah in the Qur'an at-Takasur 1-5:

أَهْنَكُمُ الثَّكَارُ ﴿١﴾ حَتَّىٰ زُرْتُمُ الْمَقَابِرَ ﴿١﴾ كَلَّا سَوْفَ
 تَعْلَمُونَ ﴿٢﴾ ثُمَّ كَلَّا سَوْفَ تَعْلَمُونَ ﴿١﴾ كَلَّا لَوْ تَعْلَمُونَ عِلْمَ
 الْيَقِينِ ﴿٥﴾ لَتَرَوُنَّ الْجَحِيمَ ﴿١﴾ ثُمَّ لَتَرَوُنَّهَا عَيْنَ

Boasting has neglected you, until you fall into the grave. Once in a while, you will know the consequences of your actions. Absolutely not, if only you knew for sure.\

c. Alternative School

This thought invites Muslims to conduct an in-depth analysis of capitalism and socialism but also of Islamic economics. This school criticizes the Baqir Al Sadr school as a school that has been discovered by others so as to destroy the old theory and build a new theory. The mainstream school is criticized as a thought that has been modified by eliminating usury, adding zakat, and improving intentions.

This thought was pioneered by Timur Kuran, Jomo, and Muhammad Arif who gave the opinion that Islamic economics is not necessarily true because it is a human interpretation of Islamic teachings (Al-Qur'an and Hadith). Therefore, this school wants its validity to be tested so that it cannot be taken for granted and must be scientifically proven.

Thoughts on Islamic economics have developed quite rapidly in line with its application. Zarqa groups the contributions of Islamic economic thought into 4 parts: (Kuncoro, 1997)

- a) Those who contribute a lot of thought in the normative aspect find new principles to answer modern questions about the Islamic economic system. For example, sharia experts.
- b) Assuming positive statements in the Qur'an and Sunnah that are relevant to economics. For example: the Islamic economic conception of the market, proposes an information gap between buyers and sellers.
- c) Positive economic statements from Islamic economic thinkers, such as the work of Ibn Khaldun who has analyzed the factors that influence economic growth in the book muqaddimah
- d) Analyzing economic activities in the Islamic economic system section and analyzing the consequences of positive statements of Islamic economics regarding economic life. The main contributors in this category are conventional economists who also master sharia.

V. Conclusion

Islamic economics has emerged long ago with the concepts of thought of previous Muslim economists and Islamic economics has also filled the treasures of world economic thought. Showing the thoughts and schools of Islamic economics will make a positive contribution to Muslims, at least it can help find various sources of Islamic economic thought to contemporary. The study of the development of Islamic economics is an empirical study that is needed for every idea of the economy and state finances. By studying a lot about the history of thought and schools of Islamic economics, it will provide a deeper understanding of current Islamic economic practices

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