

Islamic Economics as a Science and System

Abd. Kholik Khoerulloh^{1*}, Syifa Rohmaniatul Hidayah²

¹UIN Sunan Gunung Djati Bandung, Cibiru, Bandung, Indonesia

²Madrasah Aliyah Negeri 1 Majalengka, Indonesia

*Corresponding Author E-mail: akhok29@gmail.com

Abstract

Understanding a thing as a whole must begin with understanding the nature of science itself. Islamic economics as a science has received rejection from western scientists because of its value-free nature. However, Islamic economics is not entirely a doctrine and normative assumptions, because the Qur'an and hadith as the main legal basis for Muslims contain many descriptive assumptions that can be verified by modern science. Using a qualitative approach and conducting ontological studies to understand Islamic economics better, it is deemed necessary to see Islamic economics as a system that is full of spiritual values without neglecting the material values contained in this research. being the basis of Islamic economics contains many descriptive arguments that can be proven by modern science.

Keywords: Islamic Economy, Science, Systems

Abstrak

Memahami suatu hal secara utuh haruslah diawali dengan memahami hakikat dari ilmu itu sendiri. Ekonomi Islam sebagai sebuah ilmu mendapatkan penolakan dari ilmuwan barat karena sifatnya yang tidak bebas nilai. Akan tetapi ekonomi islam tidak sepenuhnya merupakan doktrin serta asumsi-asumsi normatif, karena al-Qur'an dan hadits selaku landasan hukum utama umat muslim banyak memuat asumsi deskriptif yang dapat diverifikasi oleh ilmu pengetahuan modern. Menggunakan pendekatan kualitatif dan melakukan pengkajian secara ontologis untuk memahami ekonomi islam secara lebih baik, Maka, dipandang perlu untuk melihat ekonomi islam sebagai sebuah sistem yang saratkan nilai spiritual tanpa mengesampingkan nilai material yang terkandung di dalamnya penelitian ini menemukan bahwa Al-Quran dan Hadits yang menjadi basis dalam ekonomi Islam mengandung banyak dalil deskriptif yang dapat dibuktikan dengan ilmu pengetahuan modern.

Kata kunci: Ekonomi Islam, Ilmu, Sistem

INTRODUCTION

The world's economic system is divided into two big qibla. The first was the capitalist economic system carried by Adam Smith and the second was the socialist economic system carried by Karl Marx. The two economic systems each highlight two different sides in solving their economic problems (Skousen, 2016). The liberal economic system accentuates its freedom and the socialist economy accentuates its equality. Islam as a religion also has an economic system that has laid the foundations of an economic system that today is called the Islamic economy or sharia economy (Rethel, 2019). To understand and interpret the islamic economic system in more depth, further ontological reasoning is needed (Aydin, 2013). Among the aspects of ontological reasoning of the Islamic economy is the legitimacy of the Islamic economy itself as a science and the embodiment of Islamic economics as one of the economic systems in the world. Therefore the author intends to write a journal with a big theme discussing islamic economics as a science and as an economic system.

* Copyright (c) 2021 **Abdul Kholik Khoerulloh and Syifa Rohmaniatul Hidayah**

This work is licensed under a [Creative Commons Attribution-ShareAlike 4.0 International License](https://creativecommons.org/licenses/by-sa/4.0/).

Received: December 14, 2020; In Revised: January 30, 2021; Accepted: February 12, 2021

Researchers have a lot to define about the Islamic economy. Literally Islamic Economics consists of two words namely economics and Islam. The word economy comes from the Greek *eicos* (household) and *nomos* (rule or law). While the characters give different interpretations, including

1. Muhammad Abdul Manan (1997), Islamic economics is a science that discusses and studies people's economic problems based on Islamic values.
2. Metwaly in Furqani (2018), Islamic economics can be defined as a science that studies the behavior of Muslims in an Islamic society that follows the sources of Islamic law, namely the Quran, Hadith, *Ijma'* and *Qiyas*.
3. Hasanuzzaman in Tahir (2017), Islamic Economics is the science as well as the application of sharia rules that prevent *kedzaliman* in obtaining material resources so as to create human satisfaction and allow them to carry out the commandments of God and society.
4. Ahmad (1994), Islamic economics is a systematic effort to understand economic problems and human behavior in its relationship to the issue is reviewed from an Islamic perspective.

The term Islamic Economy is often equated with Sharia Economy. Substantively Sharia is Islam itself. However, if examined more in sharia is more inclined to normative rules governing the behavior of Muslims in order to create welfare. This rule covers, faith, *sufism* and also moral (Yakin, 2016). While Islam is a religion that has a broader meaning, where sharia is one component of Islam itself. Despite the differences, in the context of Islamic and Sharia economy can be equated (Nurrohman, 2012). In addition to the differences between Islamic Economics and Sharia Economics, in the context of the science of fulfillment of needs there is also a difference between *lafadz muamalah* and *Iqtishod al-Islamiy*. *Muamalat* means *tabadul amwal wa bi washilatil uqud wa at-tasarruf* (exchange activities of property and benefits with the intermediary akad and *tasarruf*). While *Iqtishod al-Islamiy* or Islamic economy refers more to the nature of the Islamic economy itself. Referring to *lafadz iqtishod* which means middle, then Islamic Economic is an economic system that prioritizes the value of justice in trying and property ownership (Jomo, 2016).

There have been several previous studies relevant to the research conducted today. Among them is research conducted by ZTF & Suwardana (2016) in his research explained that to make the Islamic economy a science must be accompanied by the Islamic economic system itself. He mentioned that science would not stand alone without a system being run. Science will be formed whenever it can be proven empirically. Then Hartono (2011) explained that the Islamic economic system is the solution to the economic crisis that befell Europeans. The capitalist economic system used by the European people many times failed, the failure was marked by an economic crisis in Europe. Thus, Hartono provided a solution to the economic crisis, namely the Islamic economic system.

There are several things that are different from the research above, it is also a goal to be achieved in this study, namely: this research aims to prove that Islamic economics is a science and economic system. The science that can be tested theoretically and empirically and economic systems that have certain characteristics and different from other economic systems can be a solution for Muslims because the Islamic economic system is guided by the Qur'an. This research is expected to have a positive impact on Islamic economic thinking and refute the theory that Islamic economics is not a science of knowledge. Furthermore, this research is also expected to provide an explanation for the public that Islamic economics is a science of knowledge and a unified system.

RESEARCH METHOD

The method used in this research is the literature study with qualitative approach (Cresswell, 2016). The purpose of a literature study is to analyze critically a segment of a published body of knowledge through summary, classification, and comparison of prior research studies, reviews of literature, and theoretical articles. The data obtained is simplified, categorizes, and discards unnecessary data in such a way that the data can produce meaningful information and make it easier to draw conclusions, after which the data obtained will be presented with primary sources to draw conclusions that answer the problems stated in this research (Prastowo, 2016).

RESULTS AND DISCUSSION

Result

Islamic Economics as a Science

Muhammad Abdul Manan (1997), Metwaly in Furqani (2018) and Hasanuzzaman in Tahir (2017) define Islamic Economics as a science. Khursid Ahmad (1994) defined it as a systematic endeavor. This shows that among economics scientists there is a debate in determining the legitimacy of Islamic Economics as a science. This difference does not only occur among Muslim scientists, but western scientists also doubt Islamic economics as a science.

Nienhaus (2013) questioned whether Islamic economics is a doctrine in which there are principles that cannot be rejected and govern trivial things or a science that practically directs and uses scientific methods to explain economic phenomena in society?. Western scientists have the view that a science must be structured on realities that are empirical, measurable and can be proven scientifically through the verification process, if the assumptions built only on the truth of value and can not be verified, then the assumption can not be categorized as a science (Nurrohman, 2012). Looking at the view of western scientists who put forward empirical principles and free from the value of an assumption, Islamic Economics in some points is more suitable to be established as a doctrine than to be established as a science (Haneef & Furqani, 2011).

Economics and Islam have opposite traits. Economics is clearly a scientific study that can be used to solve a problem and can be verified the truth. However, Islam is a religion that contains a set of normative rules, derived from God in the manifestation of the Quran and Hadith whose truth can only be measured through spiritual values that may not be recognized by people who do not believe in it (Nurrohman, 2012). The core problem of the lack of acceptance of Islamic economics as an Islamic economic science is full of normative values that some aspects are abstract so that it is not value-free and can not be proven empirically.

Islamic economics is based on the Quran and Hadith. Al-Quran and hadith contain a variety of things and explanations about the economy contained in it. Among the verses that explain the economy there are also verses that have been proven by modern science, one of which is the Quran surah an-Nahl verses 68-69:

"And your Lord revealed to the bees: "Make hives in the hills, in the trees, and in the places that people make". Then eat of every kind of fruit, and go the way of your Lord made easy (for you). From the belly of the bee to the outside of the drink (honey) of various colors, in which is a cure for mankind. Most surely there is a sign in this for a people who reflect."

The above verse provides an explanation of the benefits of consuming bees as well as the economic value of honey as a good medicine and food. Conventional economics explains that one of the functions of goods is the function of utilities related to the useful value of an item. Al-Quran as a guide for Muslims never discuss anything trivial and minimal benefits. With the incision of honey in the Quran means implicitly the Quran gives emphasis on humans to pay attention to these commodities. Economically of course honey has a fairly high selling value and this at the same time that the Quran provides a proof that the contents of the Quran is not only dogmatic, but its contents can indeed be proven in real by modern science.

If the Islamic Economy is in doubt on the grounds it is not value-free. Indeed, other economic systems can not be separated from a value that is behind the tendency of the economic system. Foucault said science is controlled by the dominant forces that control the region. Whether in the form of religion, politics or economics. Through mastery, "truth" is determined. A particular country, community or civilization throughout history can "impose the truth". Therefore there is no science that is neutral and interest-free (Zaman, 2012).

Because all science is ideologically charged, as socialist economics contains Marxist ideology and mainstream economics contains a narrow ideology or free market, in fact both sciences contain values and normative assumptions as well as descriptive assumptions. The Islamic Economic System even though it contains normative assumptions cannot be judged directly is not a science just for reasons not free of value.

Islamic Economy as a System

The economic system is the whole institution that lives in a society that is used as a reference by the community in achieving the goals that have been set. Meanwhile, institution is an organization or rule, both formal and informal that regulates the behavior and actions of certain community members both in carrying out daily routine activities and in achieving a certain goal. In other words, a system will influence the mindset and pattern of action in the society that is in the system and will become the norm or value judgement for the community. Property rights, households, government, money, taxes, revenue share, trade unions. All of them are examples of economic institutions (Munthe et al., 2021).

Broadly speaking, the world economic system is dominated by two systems, namely the capitalist economic system and the socialist economic system. The capitalist economy focuses on the ownership of production tools, distribution activities and exchanges on the private side. This economic system is almost used in most countries in the world. While the second economic system is the socialist economic system. This system is in contrast to the capitalist economic system. Where, in this economic system, economic activities ranging from planning, implementation, and supervision are carried out by the government centrally. So that each individual is not entitled to his/her wealth, because the means of production, distribution activities, and exchanges are carried out by the government with the aim of the welfare of the common community (Tho'in, 2015).

In addition to the two majority of economic systems above, Islam as a religion does not miss regulating this problem in its normative rules. The economic system intended above is an Islamic economic system that has been terminologically discussed in the previous sub-discussion, but has not been discussed more in depth. The Islamic economic system is an economic system that offers something different from the previous two economic systems. This economic system hybrids the value of the good of the capitalist and socialist economic systems and eliminates the negative side of both economies. The negative side of the two economic systems above is the incapableness of the economic system in solving the case of *kedzaliman* in its implementation (Tho'in, 2015). Islamic economics has a basic nature as a *rabbani* economy as well as human beings. *Rabbani* because this economic system refers to the values of

the godhead. Then it is said to be a human economy because the biggest goal of its implementation is to prosper human life (al-Qardhawi, 1997).

Faith is an important factor in the implementation of this economy. This is because faith will directly influence the way of view in shaping personality, behavior, lifestyle, human tastes and preferences, attitudes towards human resources and the environment. Strong beliefs have great potential to improve the balance between material and spiritual impulses, increase family and social solidarity and prevent the development of conditions that do not have moral standards (Latif, 2014). Faith is the most powerful filter in restraining a person from carrying out unappe benefitful and even forbidden deeds. Faith is able to control one's behavior both in front of others and vice versa. Faith is a very important component to make Islamic Economy as an Economic System that becomes the solution to all problems of the economic system.

Islamic economic system has its own characteristics

Wealth is a deposition from God, As caliph, people are required to not only use property for their own benefit. However, the position of wealth here is a deposition from God as the owner of every thing on earth and sky (see Qur'an surah al-Baqoroh verse 284) to be held accountable at some point. So that the user must obey god's command. Islam does not prohibit the possession of private property, but orders the use of it in the way of good, does not worship it and gives the rights of others contained therein.

Faith, sharia and morality as the foundation, Islamic economics is an integrity with spiritual values and economic activities can become worship. This is reflected in the prohibition of ownership and use of property that can harm others, the prohibition of fraud in transactions and the prohibition of hoarding.

The balance between the world and the hereafter, Western scientists assume that Islam only attaches importance to the hereafter, so that it cleanses the worldly interests. This assumption is an incorrect assumption because Allah said in surah al-Qashash verse 77 which reads: "*And seek the hereafter with that which Allah hath bestowed upon you, and forget not your share of this world, and do good as Allah has done good to you, and do not make mischief in the earth; God does not love the misdeeds*". In addition, Islam has never taught to do the interests of the world and the hereafter separately. All actions done by a Muslim in the world will have an impact on his life in the hereafter. Thus it is clear that Islam wants a balance between the world and the hereafter in order to achieve complete happiness. This principle is clearly different from the principles of socialist and capitalist economics that are only oriented to the life of the world.

The balance between individual interests and the public interest, The meaning of balance in the islamic economic system is, Islam does not recognize absolute rights and absolute freedoms. Any economic activity should not be oriented solely to personal interests simply by ignoring the interests of others and the community. It is stated in the Quran surah al-Hasyr verse 7: "*Whatever the booty given to Allah to His messenger (from the properties) originated from the inhabitants of the cities then is for Allah, the messenger, the relatives, the orphans, the poor and the people on the way, so that the property does not circulate among the rich among you, what is given the messenger to you, then accept. And what he forbids for you. So leave it, and remain conscious of Allah. Indeed, Allah is very his punishment*". Later in the Quran letters al-Ma'arij verse 24 and 25: "*And those in whose wealth there is a certain share. For the poor who ask and do not want to ask*".

Guarantee of individual freedom, Every individual in Islam is guaranteed with certain restrictions because in fact the property is a deposition from God and emphasized that this freedom is not absolute deprived. However, there are prohibitions aimed at creating justice in the economic order of the community. This is in contrast to the capitalist economic system that gives free freedom to the private sector, and is different from the socialist economic system that attaches great importance to the public interest.

The existence of state authority, The state has the authority and obligation to help improve the lives of its citizens. One of the pieces of hadith that explains this is as follows: "*who leaves the descendants (who is quake), the son (he comes) to Me and (becomes) my responsibility*". (HR. al-Bukhari and Muslim). The role of The Prophet Muhammad SAW at that time was a head of state as well as a religious leader. He gave assurances to displaced citizens to keep a decent life. This principle is different from the socialist economic system that gives full authority to the state and vice versa in the capitalist economy the authority of the state is severely restricted.

Provide guidance on consumption and investment, Islam provides a clear prohibition on the advice and prohibition of consumption. One of the verses containing it is contained in the Quran surah al-A'rof verse 31: "*O children of Adam, put on your beautiful garments in every mosque, eat and drink, and do not be extravagant. God does not love people who are excessive*". Al-Mawsu'ah al-ilmiah wa al-amaliyah al-Islamiah considers there are five assessments of criteria in accordance with Islam to be used as guidelines in assessing investment projects, namely Good Projects according to Islam, providing the widest possible provision to members of the community, Eradicating infidelity, improving income, and feasibility, Maintaining and developing property, Protecting the interests of community members.

Zakat and prohibition of usury, Zakat is one of the supporters of the turnaround wheel of the Islamic economy. Zakat is unique, only contained in the teachings of Islam only. Zakat has a function as a tool for economic equality, because in zakat there is a transfer of wealth from the able to the poor. Other religions do not know the term spend some wealth to cleanse the soul of spiteful and vengeful nature. In silence, Islam forbids the practice of usury because usury is a misappropriation of money from the field that should be. Money is a means of transaction is not a commodity. Ribawi practice will only make people more difficult. Therefore, in Islam, the practice of usury is strictly forbidden.

Discussion

Islamic economics is a scientific study that examines human behavior in meeting its needs based on the Quran and Hadith. The word sharia refers more to normative laws, while the word Islam has a broader meaning as a religion (Khan, 2013). The word muamalah and economy is different where muamalah means exchange or empowerment of property based on agreement. While the economic word *Iqtishod al-Islamiy* has a broader meaning that is to meet the needs based on justice. Islamic economics is not accepted as a science because it is considered not value-free and contains normative arguments (Mahomedy, 2013). Whereas the Quran and Hadith that become the basis in the Islamic economy contains many descriptive arguments that can be proven by modern knowledge. Foucault says that there is no neutral science, there is always a tendency from a scientific study to an ideology. From this exposure it can be concluded that economics should not be viewed as merely a doctrine alone but also as a science.

The Islamic economic system focuses on balance and justice. Property ownership consists of individual, general, and state ownership in a balanced manner, so it is expected to create the welfare of the people evenly and of course the moral value to all economic actors. Whereas the capitalist and socialist economy ignore it all. The capitalist economic system talks about its needs and tools. The system is built

with three basic frameworks. First, the scarcity of goods and services, goods and services available are not able to meet all the diverse human needs. Second, the value of an item produced. Third, prices in production, consumption, and distribution. Where a price is a controlling tool in a capitalist economy.

While the socialist economy is in contrast to the Capitalist economy, where the socialists are fighting all-out capitalist economic views (Ramirez, 2014). In fact, many mention that the emergence of the socialist economic system is a form of resistance to the injustice suffered by society because of the capitalist economic system and the mistakes that occur in it. There are several principles that exist in this socialist economy. First, realize the real similarities. Second, remove individual ownership in whole or in part. Third, organize production and distribution collectively. The Economic System explains the distribution of wealth and its ownership, as well as how to conduct transactions against it and so on. This explanation means they follow a certain view of life (Capitalist economic system). Therefore, the economic system in the Islamic view is certainly different from the economic system in the view of Socialism and Communism, and also different in the view of capitalists. Because, each follows a certain ideological life view, which is different from Economics. Economics discusses its production and quality and how to determine and improve its facilities. This is universal for all nations, which is not specifically based on a particular ideology, but rather like any other science.

For example, is the view of ownership. Ownership in the Capitalist System is clearly different from the Socialist System and different from the Islamic System. As for how to improve production, it concerns a reality (fact) that is scientific. This is the same for all human beings, in terms of looking at it, although the understanding of ideology can vary. Islam's view on wealth issues is different from Islam's view on the issue of wealth utilization (Iqbal & Mirakhor, 2011). According to Islam, the means that provide usability are its own problems, while the acquisition of usability is another problem. Therefore, wealth and human power, both are wealthy, as well as advice that can provide usefulness or benefits. Thus, the position of both in the view of Islam, in terms of existence and production in this life is different from the position of utilization and the procedure of obtaining its benefits. Therefore, Islam also intervenes in the problem of the utilization of wealth in a clear way.

CONCLUSION

Al-Quran and Hadith become the basis in the Islamic economy contain many descriptive arguments that can be proven by modern knowledge. Some scientists say that there is no neutral science, there is always a tendency from a scientific study to an ideology. From this presentation, it can be concluded that Islamic Economics should not only be seen as a doctrine but also a science. Furthermore, the Islamic economic system is an economic system that offers different things from the previous two economic systems. This economic system hybridizes the good value of the capitalist and socialist economic system and eliminates the negative side of both economies. The most negative side of the two economic systems above is the inability of the economic system in resolving the case of injustice in its implementation.

REFERENCES

- Ahmad, Huršid. (1994). *Economic development in an Islamic framework*. Islamic Foundation.
- al-Qardhawi, Y. A. (1997). *Nilai dan Peran Moral dalam*. Robbani Press.
- Aydin, N. (2013). Redefining Islamic economics as a new economic paradigm. *Islamic Economic Studies*, 21(1).
- Cresswell, J. (2016). *Research design: Pendekatan metode kualitatif, kuantitatif, dan campuran* (Edisi 4). Yogyakarta: Pustaka Pelajar.

- Furqani, H. (2018). Defining Islamic economics: Scholars' approach, clarifying the nature, scope and subject-matter of the discipline. *Turkish Journal of Islamic Economics*, 5(2), 69–94.
- Haneef, M. A., & Furqani, H. (2011). Methodology of Islamic economics: Overview of present state and future direction. *International Journal of Economics, Management and Accounting*, 19(1).
- Hartono, D. S. (2011). Ekonomi Islam Sebagai Solusi Alternatif Krisis Ekonomi Eropa. *Prosiding Seminar Nasional & Internasional*, 1(1).
- Iqbal, Z., & Mirakhor, A. (2011). *An introduction to Islamic finance: Theory and practice* (Vol. 687). John Wiley & Sons.
- Jomo, K. S. (2016). *Islamic economic alternatives: Critical perspectives and new directions*. Springer.
- Khan, M. A. (2013). *What is wrong with islamic economics?: analysing the present state and future agenda*. Edward Elgar Publishing.
- Latif, A. (2014). Nilai-Nilai Dasar Dalam Membangun Ekonomi Islam. *DIKTUM: Jurnal Syariah Dan Hukum*, 12(2), 153–169.
- Mahomedy, A. C. (2013). Islamic economics: Still in search of an identity. *International Journal of Social Economics*.
- Manan, M. A. (1997). Teori dan Praktek Ekonomi Islam terj.M. Nastangin. In H.M. Sonha (Ed.), *Dana Bhakti Wakaf*. Dana Bhakti Prima Yata.
- Munthe, R. N., Mardia, M., Nugraha, N. A., Basmar, E., Syafii, A., Pardede, A. F., Verlandes, Y., Sudarmanto, E., Arfandi, S. N., & Rahman, A. (2021). *Sistem Perekonomian Indonesia*. Yayasan Kita Menulis.
- Nienhaus, V. (2013). Method and Substance of Islamic Economics: Moving Where? *Journal of King Abdulaziz University: Islamic Economics*, 26(1).
- Nurrohman, D. (2012). Hakikat dan Konstruksi Keilmuan Ekonomi Islam. *Epistemé: Jurnal Pengembangan Ilmu Keislaman*, 7(2), 245–266.
- Prastowo, A. (2016). *Metode Penelitian Kualitatif: Dalam Perspektif Rancangan Penelitian*. Ar-Ruzz Media.
- Ramirez, L. (2014). World Revolution vs. Socialism in One Country. *Athene Noctua: Undergraduate Philosophy Journal*, 2, 1–4.
- Rethel, L. (2019). Corporate Islam, global capitalism and the performance of economic moralities. *New Political Economy*, 24(3), 350–364.
- Skousen, M. (2016). *The making of modern economics: the lives and ideas of the great thinkers*. Routledge.
- Tahir, S. (2017). Islamic economics and prospects for theoretical and empirical research. *Journal of King Abdulaziz University: Islamic Economics*, 30(1).
- Tho'in, M. (2015). Konsep Ekonomi Islam Jalan Tengah (Kapitalis-Sosialis). *Jurnal Ilmiah Ekonomi Islam*, 1(03).
- Yakin, A. U. (2016). *Sejarah Hukum Islam Nusantara*. Kencana.
- Zaman, A. (2012). An islamic critique of neoclassical economics. *Pakistan Business Review*, 14(1), 9–62.
- ZTF, P. B., & Suwardana, H. (2016). Membangun Epistemologi Ekonomi Islam: Ikhtiar Menjadikan Islam Sebagai Sistem Ekonomi Alternatif. *Jurnal Bestari*, 34.