

ECONOMIC DEVELOPMENT IN AN ISLAMIC PERSPECTIVE*

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Abstract**

A main challenge faced by the world of Islam today, is the challenge of re-developing and restructuring their economy in such a way are considered commensurate with the Shari'ah role point of you. Economic development is one of the subjects that basically are categorized as a science that offers an approach in reaching the ultimate goals of developing economics science. However, the conventional approach, that has been built, is being considered failure in solving the Ummah problems, such as poverty, backwardness in human capital, and attainment in proper jobs and life, and even a climate change issue. Unfortunately, those condition are predominantly found in Muslim world, whereby inherently have been emerging and embodying in Muslim life. Furthermore, arguably the paradox of Muslim world has been facing, is that, it is naturally resource-rich but economically and commonly weak and poor. As matter of the fact that in Muslim society, there is a lack of motivation achievement. So that, there is no rule out the possibility to find out the appearance a number of approaches within Islamic framework, notably in the area of economic development.

In addition, economic development which is viewed as integral part of science, is that, must be original and constructive in nature. It must be guided and apparently come up from a deep understanding which originally is rooted from ideals and supreme values of the Quran and the Sunnah which is pooled in Islam faith. As Islam is a complete and comprehensive tenets, so that it is being laying as a teaching that close to some characters, such as, hard effort, struggle, movement, and also highly motivation toward social change. Furthermore, it is no merely a set of beliefs, but it also provides a guidelines and a set of action through sequence programs. Briefly, Islam is a faith, and also a tenet that come up with an idea which is not separately conducted within a disintegrated and a divisible element-between moral and sosio-economic development of human capital improvement in the area of implementation. Since, economic development in Islam is strictly goal-oriented, economic agents have to set a certain goal which do not go beyond "the objectives of Syariah (Maqasid Al Shari'ah)". Finally, we may bring up to the idea that economic development in Islamic perspective is trying to reconstruct an idea that development means the improvement in moral, spiritual, and material as well, and certainly the achievement which is relied upon a balanced personality committed to and capable of acting as the supreme submission to the Truth of God guideline. Accordingly, this paper also comes up with an general issue about how the current development policy and actual development are able to stand in relation in Islam.

Keywords: Economic Development, Islam, Paradigm JEL : O10

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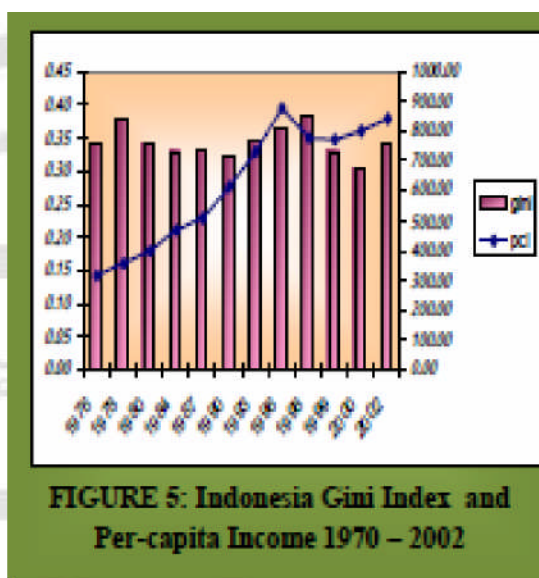
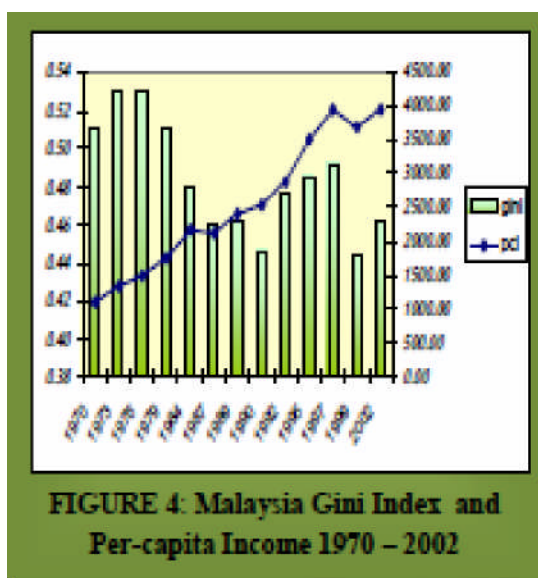
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Introduction

Islamic world, currently, have been facing several acute problems which are basically affording a low quality of life, such as poverty incident, starving, and hunger. All of those examples are seriously exacerbating and creating the social problems in the Muslims society. Let's put one case in terms of poverty incident in presently world, is that, according to World Bank report 2006, it can clearly provide a fact that poverty is going to increase and tend to be common social ill. In Indonesia alone, with recognized as world's largest Muslim population,

was accounted for over half of population-about 129 million are considered poor or vulnerable to fall into poverty trap with incomes generated less than US\$ 2 a day. Similarly, Bangladesh and Pakistan recorded roughly 122 million respectively. Recently, IRTI has completely done a study that reveals or involve only five of the members countries, namely Indonesia, Bangladesh, Pakistan, Nigeria, and Egypt which are elaborated and finally were getting calculated for approximately over half a billion, or 528 million (IRTI Report, 2006).

Subsequently, the issue of poverty is discerned to be serious phenomena by the majority of Islamic scholars. Bourgeignon (2004) and Iqbal (2002) argued theoretically for poverty case which is substantially called for "Poverty Growth Inequality Triangle". They are arguing that poverty inevitably will have caused some negative trickle down effects, such as (1) a poor household are unable to participate in the development process, and also automatically being exclusive from financial system, (2) The poor and destitute people will tend to fall into poverty trap cycle that will encourage them, the poor and destitute, to be less competitive and backward in knowledge. Accordingly, (3) poverty will create low aggregate income level and being slow down the economic growth, and finally, (4) Economic growth which is created in the system, and considered as results of economic progress, is able to change on income distribution because of income distribution initially is shared on early stage of development, however, the shared of income then only will be preferably circulated around groups who are having dominant share of wealth in a certain economy area.



Sources: World Bank, PovcalNet, 2006, WDI online, 2006, IHDR, UNDP, 2005

GRAPHIC 1.1
MALAYSIAN AND INDONESIA GINI INDEX PER CAPITA INCOME,
DURING 1970-2002

The another issue which needs to put more into consideration, is that, the wide gap incurred of income distribution over thirty years, both in Indonesia and Malaysia. The pictures above clearly indicate that both two countries were facing tremendous in per-capita income over thirty years. According to them, per-capita income has increased more than 600% since 1970 until 2002. However, in other side the income gap, represented by gini index, tends to widespread year by year. For instance, in Malaysia in 1970 the gini index was around at 0,43 and then in 2002 accounted for 0,52. Similarly, in Indonesia recorded at 0,15 in 1970, and then increased at 0,43 in 2002. Therefore, economic development which had been achieved firmly has pushed up the economic activity, showed by increased in per-capita nominal income. However, it does not mean income are justly distributed and fairly circulated among people. The pictures has really indicated that the present economic development has failed to reduce and minimize the gap and tend amplifying the welfare human being in the sense of every person is being guaranteed to get equal shared as an impact of development in economic sphere.

Having observed above facts that the current system, particularly the approach taken is not totally bringing up to welfare and just economy, thus we need critically to get another approach and alternative ways in managing and developing the economic system. The economic system here is meant, the system which remains an integrated and indivisible

element of the moral and socio economic development of human society. Thus, that definition is considered as the main notion of economic development in Islamic perspective. Economic development, according to Islam, must be guide an economic process on correct lines and in the right of direction. Economic development has to attempt to fulfill both spiritual side and material side in balanced proportion. Hence, human character and human behavior are purposely in line with syariah and teaching of Islam. Subsequently, in the contemporary Muslim world, the existences of Islamic states are holding a significant influence in running the economic wheel. Therefore, this paper is attempting to deliberate actually what Islam views as economic development as well as how Islam deals with “the economic process towards development”. And then this paper is organized as follows in order, brief introduction; discuss on the objectives of Shari’ah; deliberate Islamic concept of Development; investigate the public expenditure and borrowing in Islam; elaborate the concept of Islamic state; and finally provide summary and conclusion

Objectives Of Shari’ah (Maqasid Al-Syariah)

Likewise a traveler, a county must have at least an objective, both short and long run objectives. However, those objectives have to be sustained of a particular background or philosophy in order not to alienate with the tenets of religion and public interest (maslahah). In terms of economic development, fervently it is not allowed to infringe the foundation of the purpose of development itself. On the other hand, development must commit to perform and preserve the benefit the improvement and perfection of the conditions of human life on earth. As far as Islam concern, economic development has to be commensurate with the injection of the text (Quran and Precedent of Prophet (PBUH)). Therefore, to maintain and keep in right path, Islam basically has perfectly built a framework which is commonly called “Maqasid alShari’ah”. The Maqasid al Shari'ah can be further defined as below:

- Maqasid al-Shari'ah comprises those benefits/welfare/advantages for which Allah has revealed His Shari'ah.
- Maqasid al-Shari'ah aims at the attainment of good, welfare, advantage, benefits, etcetera, and warding off evil, injury, loss, etcetera, for the creatures. (All this in Arabic terminology can be stated as Masalih al-'Ibad.)

Shari'ah, as source of Islamic laws, aims at the welfare of the people in this life and in the life hereafter, and for this purpose it has advised the people to adopt such means and measures suggested by it (Shari'ah) as may result in advantage benefit/well-being to them and may ward off evil/injury/loss, etcetera, from them, not only in this world but also in the world hereafter. Same is the philosophy behind His commands and the worships prescribed for His creatures.

Classification of Maqasid AI-Shari'ah

Provisions of Shari'ah aim at protecting its objectives. Objectives or Maqasid al-Shari'ah can be classified as under:

- Daruriyyah
- Hajiyyah
- Tahsiniyyah

Daruriyyah (Necessities)

These are the objectives which are must and basic for the establishment of welfare in this world and the world hereafter in the sense that if they are f ignored then the coherence and order cannot be established and fasad

(chaos and disorder) will prevail in this world and there will be obvious loss (al-khursan al-mubin) in the world hereafter.

Daruriyyah relates to five things:

1. Protection of Faith (Din)
2. Protection of Life (Nafs)
3. Protection of Posterity (Nasl)
4. Protection of Property (Mal) 5. Protection of Reason ('Aql)

According to Shatibi, these five protections are daruriyyah for the establishment of welfare in this world as well as in the world hereafter. The protection of the above mentioned elements can be made possible through two types of essential elements.

- a. Necessities required for bringing into and maintaining the very existence of the above mentioned elements, that is: din, nafs, nasi, mal, 'aql, etcetera.
- b. Necessities required for protecting these elements from their destruction. The worships ('ibadah) for example, aim at maintaining the very existence of faith.

Iman (attestations in words and intention), salah, zakah, fasting and hajj are the elements that are required for the maintenance of the very existence of faith (din). All such provisions of Shari'ah are said to have the aims that can be labeled as daruriyyah.

Similarly, the permission to benefit from drinkables, clothing, housing, etcetera, is meant to maintain life and hence fulfill the objective of necessities. Such matters and dealings that are required to maintain and protect the existence of property, reason and posterity also promote necessities from the point of view of bringing these into existence.

On the other hand, such dealings or legal provisions (jinayat), which are required to stop destruction of the above mentioned elements will also be said to aim at daruriyyah from the point of view of the objectives of Shari'ah.

Hajiyyat (Requirements)

Shari'ah aims at facilitating life or removing hardships. All such provisions of Shari'ah which aim at facilitating life, removing hardship, etcetera, are said to fulfill the hajiyyah (requirements). For example, permission of hunting and use of halal goods for food, lodging, and conveyance, etcetera. Besides, the permission for qirad (profit sharing through borrowing), musaqat (profit sharing), bai salam (forward buying of a commodity which does not yet exist), which are apparently illegal interest bearing dealings, are the examples of Shari'ah provisions that aim at facilitating life or removing hardships in the life in this world. The exploitative, usurious and doubtful dealings and contracts have also been forbidden for the same purpose.

Tahsiniyyat (Beautification)

Shari'ah beautifies life and puts comforts into it. There are several provisions of Shari'ah which are meant to ensure better utilization, beautification and simplification of daruriyyah and hajiyyah. For example, permission to use beautiful, comfortable things; to eat delicious food; to have cold drinks and juices; to wear fine clothing and so on.

The uppermost objectives of Shari'ah rest within the concept of compassion and guidance, that seeks to establish justice, eliminate prejudice, and alleviate hardship. Maqasid Al Shari'ah basically in practice would be

manifested in the realization of Maslahah (public interest) which the Islamic scholars have generally considered to be the all-pervasive value and objective of the Shari'ah and is to all intents and purposes synonymous with compassion. Literally, according to Islamic Law, Maslahah is defined as one of the juristic devices that have always been used in Islamic legal theory to promote public benefit and prevent social evils or corruption directed by the Lawgivers or Shari'ah.

Islamic Concept Of Development

Economic development is defined as system which its substance lays in enabling people to meaningfully control their economic environment so as to improve the quality of life. Islam, basically, is deeply concerned with the problem of economic development. Nevertheless, economic development in Islam has to guide human development on correct lines and in the right direction. At the end, economic development remains an integrated and indivisible element of the moral and socio-economic development of human society. In other words, in applying the Islamic concept of development, some philosophical foundation of the Islamic society should be put more into account, namely:

1. Tawhid means God's Unity and Sovereignty
2. Rububiyah is meant as arrangements for nourishment, sustenance, and directing things towards their perfection which human being have to effort taking place.
3. Khilafah is meant as man's role as God's vicegerent on earth which specifically take responsible to serve God, and spread out the benefit in the environment. In Islam, man is supposed to be trusteeship, and morally, politically, and economically is dedicated to generate social benefit and eliminate harmful.
4. Tazkiyah is meant that a man should arrange to tie up the relationship with God, man, the natural environment, society as well as the state.
5. Accountability is meant as Man's belief in accountability of the Day of Judgment and its implication for his life both in this world (dunya) and the hereafter (al akhirat).

Subsequently, the Islamic concept of development in Islam is totally different from the conventional counterpart. Since, development is not solely ascribed from the physical point of you, but much more related with spiritual based development. Below, the clearly characteristic may be given under the Islamic concept of development, as follows:

1. The Islamic concept of development has a comprehensive framework which is including moral, norms, values, spiritual, and material aspects. Islamic development is goal based oriented as well as value-oriented activity, devoted to the optimalization the role of human being in all dimension of life in order to attain the falah (welfare) both in this world and hereafter
2. The focus of Islamic development is man development. Islam is trying to shift the focus of effort from physical environment to man. Man is considered as vicegerent of God, has several duties which must be completed, notably in the area of economic development. Man must be well-developed as it will open-up any probability to enlarge the scope of development policy which will encourage maximum participation of the people at al level of decision-making and plan-implementation. Generally speaking, the development of man in Islamic perspective is one strategy that ultimately is able to conform to shari'ah rules. In touching with shari'ah, man could utilize the concept of syiasah shariyah in achieving the goal of economic development. Imam al-Ghazali stated that syiasah shari'ah is conducted to achieve reforms for people through guiding them to true way that escape from the misfortunate of this world and the world hereafter. Imam al Maqrizi also added up that syiasah is man activity which is considered as the order that established for the protection of moralities and public interest and for the stability in the state of people. Therefore, the key of success in developing and advancing such country is that, how the country is able to maintain and preserve the

improvement of the human development and engaging them to the spiritual basis as well as the spirit of development in Islam.

3. Economic development involves complicated activities. Nevertheless, the approaches used must reflect the worldview of Islam. Meaning that, every concept of economy development has to be produced, elevated, and preserved of the rulings of shari'ah. In other words, the element of development should be based on a system of value principles which is ascribed from religious tenets of moral philosophy that is independent of religion. Therefore, the main challenge then in dealing with Islamic worldview and economic development is that, how can the capacity, accessibility, and flexibility of human being in synthesizing between the Islamic heritage and modern economy perfectly. However, it will be difficult unless human being gets fully understanding in the spirit of religion, including shari'ah, aqidah, and akhlaq of Islamic teachings.
4. Economic development does not involve merely a number of changes in qualitative as well as quantitative. For instances, development in Islamic economics regards in how much the economic activities are able to reduce, eliminate, and protect the unfair income distribution, poverty incident, and public interest (maslaha). Economic development has to be able to enhance the economy from ground or foundational aspects must be put more into consideration rather than generally utilizing measurement of economic growth. As far as concern, Islam really encourages that every citizen is equally able to access the product of development without exemption in proportional ways. As a result, every person satisfies and gets benefit from economic development, so the goal of development could be achieved entirely.

Conclusion

The present economic system fails to satisfy and fulfill the goals of economic development, namely fulfilling fairly the fulfillment of material development of individual and society leading to maximum socio-economic welfare and the ultimate good of mankind. In opposite, poverty, unemployment, and unjust income distribution have been inherited in current society, and unfortunately majority found in Muslims society. Therefore, Islam comes up with the notion of economic development concepts which are also focusing more on moral, spiritual, and norms aspects which are hopefully able to eliminate and alleviate of those social ill. Development means human being is put as subject and priority in conducting, acting, and involving in development process. In Islam, man or human being further is considered as vicegerent of God, so that man is supposed to be representative of God willingness, such as struggling in generating benefits, and protecting harm and injustices. In terms of economic development, man as vicegerent must really run away something which is lucid identified as clash, alien, or anomalies with the objectives of shari'ah (Maqasid Al Shari'ah). Since basically, Maqasid Al Shari'ah is intention of Lawgiver which must be applied by human being in order to achieve falah (welfare), both in this world and in the Hereafter. Subsequently, economic development is a process to utilize particular resources which is known limited in economic point of view, Islam therefore emerges an idea to look into the stages of necessities, which Islamic States can attempt to apply it in order to satisfy the need of people, namely the darruriyat (necessities), hajjiyat (requirements), and tahsiniyyat (beautification). As Islam as concern, darruriyyat must be put in the first fulfillment. Since, it will directly influence the objectives of Shari'ah, which are containing protecting the religion, life, intellect, lineage, and property. Similarly, in terms of economic development, darruriyyat items must be given priority, for instance, the concept of economic development that concerns both qualitative as well as quantitative measurements. In brief, Islam has been observing the concept of economic development, is not merely depending on material aspects, but also importantly the aspects which is closely related with spiritual and moral developments.

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