Ummah Economic Remedy: Between Islamic Economics and Islamic Political Economy

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DOI: http://dx.doi.org/10.15520/jbme.2016.vol4.iss01.169.pp38-46

Abstract: This article aims to find a form of holistic economy that is capable of identifying the source of problems and providing remedies for Ummah (Islamic nation) economy. The available options are Islamic economics and Islamic political economy. Islamic economics refers to economy based on Islam, while Islamic political economy refers to the interaction between Islamic economy with Islamic politics and the implication of the influence of one field on the other. Most scholars to date concentrated only on Islamic economy, not Islamic political economy. The question is, is Islamic political economy capable of providing remedies for Ummah economic problems? Is Islamic economy holistic when it is concentrated only in the production and consumption of goods and services without considering its relation to politics? This paper attempts to find the answers to these questions. Based on literature review and textual analysis, this paper firstly re-evaluates the status of Islamic economics, without exhibiting any discussion towards or concentrating only on Islamic economy, not Islamic political economy. The question is, is Islamic political economy capable of providing remedies for Ummah economic problems? Is Islamic economy holistic when it only concentrates on production and consumption of goods and services without considering its relationship with politics? To answer these questions, Islamic economics as well as the holisticity of Islamic political economy are re-evaluated. This discussion is achieved through literature review and textual analysis to then be able to choose between Islamic economics and Islamic politics; which one is holistic in providing remedies to Ummah economy?

Key Words: Holistic Economy, Islamic Economics, Islamic Politics, Islamic Political Economy

INTRODUCTION

Islamic economics is considered an important field of studies in developing Ummah economy. The importance of Islamic economics had caused Islamic scholars to concentrate on this field (Muhammad Nejatullah Siddiqi, 1989), rather than Islamic political economy. The question is, can Islamic economics identify and provide remedies to the problems in Ummah economy? Is Islamic economy holistic when it only concentrates on production and consumption of goods and services without considering its relationship with politics? To answer these questions, Islamic economics as well as the holisticity of Islamic political economy are re-evaluated. This discussion is achieved through literature review and textual analysis to then be able to choose between Islamic economics and Islamic politics; which one is holistic in providing remedies to Ummah economy?

RE-EVALUATING ISLAMIC ECONOMICS

Islamic economics, according to Sarizah Soed and M. Nazri Zakaria (2005), is a system based on the Quran and Hadith as the complete guidance. The discussion about Islamic economy comprised of economic activities performed based on shariah (Islamic law) (Fazlurrahman, 1994: 36; H. Veithzal Rivai and H. Andi Buchari, 2013). Among Islamic law regarding economy are produced goods must be goods which are allowed in Islam; the quantity of goods should depend on demand and supply, goods wastage has to be avoided; goods distribution should depend on income distribution; and concurrently, monopoly is absolutely forbidden in Islam. Similarly, oppression is forbidden as Islamic economics balances individual interests with that of the public.


The discussions of these scholars can be summarised into three subject matters. First, the definition of Islamic economics; second, the approach in Islamic economics; and third, school of thoughts regarding Islamic economics. All three subjects of discussions only concentrated on Islamic economics, without exhibiting any discussion towards or including the dimension of Islamic politics. This is proven through the opinion of M. Dawam Rahardjo (1999: 3-4) that there are three definitions of Islamic economics which are the science of economics, economic system, and economization of the Muslims. For example, the science of economics is defined as an economy based on the values or teachings of Islam. According to Muhammad Akram Khan (1994), the science of Islamic economics aims to study the prosperity (al-falah) of human that can be achieved through
managing the world resources through cooperation and collaboration. Likewise, M. Umer Chapra (1999) said that Islamic economics is a branch of knowledge that aids the realisation of human prosperity from a place and the distribution of world resources in accordance with maqasid syar’iyyah (the purpose of shariah). It is done without restricting individual freedom, creating a prolonged imbalance between macroeconomics and ecology, or weakening family and social unity as well as community moral network.

The discussion of these Islamic scholars showed that Islamic economics is only focussed on the process of supply and demand, income distribution and spending, as well as finding solutions to avoid economic oppression. In fact, all of these focuses are important in order to strengthened Ummah economy. However, is thinking of the economic dimension alone, without considering another dimension, i.e. politics, which also plays an important role in strengthening Ummah economy, enough?

Akram Khan (1994) and M. Umer Chapra (1999) actually attempted to include the aims of state politics such as welfare, unity, moral, individual freedom and creating balance between macroeconomics and ecology, however, the discussion was not directly related to the political dimension. This understanding led to the Islamic economic goals, where in the opinion of Joni Tamkin (2007) is justice, property ownership, and ethical values. The question is, how can the goals of Islamic economics be worked out and considered complete if they are not influenced by Islamic political elements, when these goals are also the goals of Islamic politics?

In order to enable the implementation of the goals, Patmawati Ibrahim (2008) said that in the field of Islamic economics, zakat (alms) is considered as one of the important sources to the Islamic community in improving their socioeconomic status. The execution of trust and improvement of socioeconomic status through zakat is capable of balancing the physical development with spiritual development. This balance is important in order to avoid the development of social problems such as youth moral decadence and others. When the management of zakat is discussed further, zakat is found to be managed not only by Islamic economics experts, but also politicians who play a role in deciding policies in zakat management (Muhammad Syukri Salleh, Mohd Salleh Abdullah and Zahrı Hamat, 2011; Zahri Hamat, 2013). It is clear that there is a void in the discussion of ilahiyah (godliness) assets relating to zakat and wakaf (benefaction), as it is not discussed in relation to political role.

Asides from the summary on the definition of the science of Islamic economics, there is also a summary regarding the approach of the science of Islamic economics. For example, according to Nienhaus (1982), there are four main approach in the study of Islamic economics. First, the pragmatic approach. This approach looks at the tendency to reject economic ideologies through synthesis or eclectic process. This process is performed by combining various notion and theories that are considered impractical to execute. This is the tendency that is often used. Second, the recitative approach. This recitative approach involves a discussion of Islamic texts regarding fiqh (the study of Islamic law), theology, and economics ethics. Third, the Utopian approach. Utopia” is the image of the world we wish for.

This approach is achieved by proposing human model. For example, the term homo economicus, or altruistic human was introduced. Similarly, in Islam, the term “Baldah-Thayyibah wa Rabbun Ghafur” was introduced in a Quranic verse. While the fourth approach is the adaptive approach. This approach is achieved through the method of self-adaptation based on local environment and history of Muslim. For example, the socialism ideal adapted in Islam is named the ‘Islamic socialism’. When this term is changed to suit people’s struggle, it is called ‘populist socialism’, and when adapting to democratic governance, it is termed ‘democratic socialism’.

Based on all four approaches of the science of Islamic economics, none clearly link economics with politics. Although the third and fourth approaches seemed to state that economy is influenced by politics, which is adjusted according to the adaptation by the government, the relationship between economy and politics is still unclear.

The third subject matter which is the Islamic economics school of thoughts can be summarized into three sects. Firstly, the Baqir al-Sadr sect; secondly, the mainstream sect; and thirdly, the alternative-critical sect (Adiwarman A. Karim, 2010; H. Veithzal Rivai and H. Andi Buchari, 2013:208).

As for the Baqir al-Sadr sect, it is founded by Baqir al-Sadr himself (1971) through his work entitled Iqtishaduna (Our Economy). This sect considered that the conventional science of economics cannot be in line with Islamic economics. Conventional economic remains conventional economics while Islamic economics remains Islamic economics. Both cannot be combined since they differ in philosophy. This difference is not only exist in Islamic economics, in fact it is also stressed upon in the study of Islamic development by Muhammad Syukri Salleh (2003) that Islamic-centric development is different than common development because of its difference in philosophy and tasawur (worldview).

Baqir al-Sadr (1971) also rejected opinions that stated that natural resources are limited and human needs are not because according to them, in Islam, resources are unlimited and human needs are limited. Their Dalil (proof) the Quran was taken from surah al-Qamar verse 49. Allah said:

“Indeed, all things We created with predestination.”

The need of all creation has been predestined and made sufficient by Allah. Among the example given is that human will stop drinking once the thirst is gone. From these arguments, they came to the opinion where the belief of human needs being limitless is rejected.

All theories developed by the conventional science of economics are rejected and removed from the Baqir al-Sadr sect. Instead, this sect strived to compile new economic theories extracted from the Quran and Sunnah. Other than
Muhammad Baqir al-Sadr, the sect figures are Abbas Mirakhor, Baqir al-Hasani, Kadim al-Sadr, Iraj Toutoucian, Hedayati, and others (Adiwarman A. Karim, 2010).

Secondly, the mainstream sect. This sect differed in opinion with the Baqir al-Sadr sect (1971). It agreed that economic problems had arisen due to the limited resources and limitless human needs. The sect viewed that limited resources existed and acknowledged in Islam. Among the dalil used is in surah al-Baqarah verse 155. Allah said:

“And We will surely test you with something of fear and hunger and a loss of wealth and lives and fruits, but give good tidings to the patient,”

While the limitless human needs were considered 'alamiah (natural). Allah said:

“Competition in [worldly] increase diverts you, until you visit the graveyards. No! You are going to know. (Surah al-Takathur, 102:1-3).

This sect views on economic issues were similar to that of the conventional economy. The limit of resources is the cause to the emergence of economic problems. But, the only difference between the conventional and Islamic economics in the mainstream sect is the solutions of the problems. In looking for the solutions, the sect was known for modifying Western science into Islamic science in a method called the Islamization of knowledge.

Thirdly, the alternative-critical sect. The founders of this sect are Timur Kuran (Director of Institute for Economic Research on Civilisations, University of Southern California), Jomo (Yale, Cambridge, Harvard and Malaysia), Muhammad Arif, and others (Adiwarman A. Karim, 2010). This sect criticised the previous sects. The Baqir sect was criticised as a sect that strived to attain novel knowledge that had actually been discovered by others. Likewise, they destroyed old theory and then, replaced it new. While the mainstream sect was criticised for taking created knowledge or copying from neoclassical (modern) economics only by removing the variable of riba (usury) and inserting the variables of zakat (alms) and niyat (intention).

This was a critical sect. They believed that critical analysis should not only be performed on socialism and capitalism, but also on Islamic economics. They believed that Islam is certainly true, but the Islamic economic is not since it is a product of human interpretation of the Quran and Sunnah as the Islamic economic epistemology. Proposals and theories advanced by Islamic economics should always be verified such as done for conventional economics.

From the discussion on the approach of all three sects, the approach of Baqir al-Sadr and alternative-critical sect seemed to attempting to return to the true core of Islam. It was seen that way for two reasons. First, these sects attempted to propose new theories that conflicted with the conventional theory based on Quran and Hadith. Secondly, this sect attempted to put forward true theories based on Islam despite facing the dominant conventional theory.

Apart from these three sects, another school of thought which was a little different had emerged. It was founded by Muhammad Syukri Salleh (2003:71). It proposes that human needs are unlimited, however, it can be overcame by four things. First, the concept of rizq (provision); Second, the method of resource redistribution; third, the concept of barakah (blessing); and fourth, natural resources utilisation. The concept of rizq means that every human provisions are guaranteed by Allah. Next, the rich are responsible to redistribute his wealth to the poor through sadaqah (donation), zakat, gifts, taxes, and other means of resources redistribution. While the concept of barakah is based on Allah’s grant of provisions through His grace and mercy so much so that the recipients are content even when given so little due to their qanaah (contentment) character.

As for natural resources utilisation, when human needs can be restricted, consumerism will be limited, production surplus will increase, and finally redistribution can be performed more dynamically (Muhammad Syukri Salleh, 2003: 75-76). According to him, the unlimited human needs can be restricted by using the consumerism based on needs instead of desires. It can be divided into four stages. First, the stage of fulfilling basic needs (dhoruri) such as clothing and food; second is the stage of fulfilling lifestyle needs such as cars; third is the stage of luxury such as owning multiple cars; and fourth is the stage of jewels and beauty. The first and second stage is allowed in Islam compared with the third and fourth which should be avoided.

Ummah economic remedy through various school of thought is actually inadequate without any relation to Islamic politics. Theories are merely theories without implementations by the government as the economic policy maker. This theories are according to the view of Muchtar Ahmad (1991:9) who said that there are only five focus in the study of Islamic economic so far. The first focus is the study of Islamic economics in the normative circle. This circle attempted to explain the philosophical basis or normative of an economic study that is suitable with the Islamic requirements based on al-Quran and Hadith. The second focus is the Islamic economic study of the result of the critical thoughts or research of fuqaha, economic and sociology experts, and etc. such as Ibnu Khalidun, Ibnu Taimiyah, Abu Yusuf, Umer Chapra and others. The third focus is the comparative study of the behaviour of Islamic economic implementers with the theoretic concept of Islamic economy. In this matter, the researcher had put forward a question, can Islamic economics steer the behaviour of Islamic economics implementer towards Islamic values? The fourth focus is a comparative study between the concepts of Islamic economic and capitalist or socialist system as well as the current economic development. Fifth, the thought comparison between the Islamic economists themselves, such was done by Mohamed Aslam Haneef (1995) in his book "Contemporary Islamic Economic Thought: A Selected Comparative Analysis".
From these five focus, it is clear that none had tried to link economics and politics or include the political dimension in Ummah development.

EVALUATING THE HOLISTICITY OF ISLAMIC POLITICAL ECONOMY

From the evaluation of Islamic economic presented previously, it was proven that the majority of Islamic economics scholars only discussed Islamic economics, without linking it with Islamic politics. Islamic politics was only deemed important in its role in the science of government such as management and state economic policy decision. So, a step to relate the two fields was proposed so that they can function as one holistic field that encompasses both economics and politics. This new field was called Islamic political economy. Islamic political economy can be defined as the combination of the philosophies of Islamic economic and Islamic politics that are implemented based on the concept of justice and welfare, amar makruf nahi mungkar, the concept of ubudiyah and uluhiyah as well as the responsibility as the caliph and servant of Allah with the final goal of mardhatillah (Mohd Syakir Mohd Rosdi, 2014:34).

Islamic political economy is more holistic than Islamic economics for at least three reasons. Firstly, Allah emphasized the Islamic political economy relationship; secondly, the emphasis by Islamic scholars on Islamic political economy; and thirdly, the history of the science of Islamic political economy. As for the first reason which is Allah’s emphasis on the field of Islamic political economy, it is mentioned in a few verses of the Quran. Among the discussions in the verses of the Quran is Allah’s emphasis on the position of mankind in this earth as His caliph (Surah al-Baqarah, 2:30) carrying the burden of His mandate (Surah al-Ahzab, 33:72) to create prosperity and peace (Surah Hud, 11:61). Mankind should not be afraid of the nature since it is created to facilitate them (Surah al-Baqarah, 2:29; Surah al-Jaathiyah, 45:13). They should not sit passively, but actively strive and work (Surah al-Jumu’ah, 62:10; Surah al-Ra’d, 13:13). They should look for provisions that are halal. They should prioritize honesty in their endeavour (Surah al-A’raf, 7:85) by volunteer, not compulsion (Surah al-Nisa’, 4:29) in the fields that are allowed by shariah and not in vanity (Surah al-Ma’idah, 5:3). Although they are free to obtain and own the yields of their struggle, they have to observe the social function of their hard-earned wealth for the good of those who are less fortunate (Surah al-Hasyr, 59:7; Surah al-Taubah, 9:34; Surah al-Ruum, 30:30). They should also be economical and efficient in spending their wealth (Surah al-Israa, 17:26; Surah al-Furqan, 25:67) (Muhammad Iswadi, 2007:50).

From the discussion of these Quranic verses, it is shown that Allah’s dalil are not limited to economy, but also related to politics. Politics here referred to the method of managing and administrating the universe as well as possible. Economics existed to smoothen this in the scope of human financial so that no wastage and exploitation can occur. The inseparable ties between the dalil of economics and politics are clearly displayed in the verses above. Both dimentions play important roles in the prosperity of this world.

While as for the emphasis on Islamic political economy by Islamic scholars, opinions of a few Islamic scholars, who discussed economics and related it to politics, are brought forward. These scholars are Ibn Khaldun, Ibn Taimiyyah, Ibn Qayyim, al-Ghazali, Syatibi, al-Maqrizi, and Shah Waliyullah (Iu Ruslina and Husni Shabri, 2009). Muhammad Hilmi Murad (1962) for example, specifically wrote an academic book entitled Abul Iqtishad: Iblu Khaldun. This can be translated as The Father of Economics: Ibn Khaldun. In his writing, Ibn Khaldun was proven academically as the first founder of the empirical science of economics. The theories proposed by Ibn Khaldun (1958) in the science of economics are the theory of production, theories of value, money and prices, and theory of distribution.

Iblu Khaldun (1958) studied economic issues by viewing it from the perspective of the society and country in details and thus explained the economic phenomena accurately. Muhammad Nejatullah Ash-Shiddiqy (1976:261) wrote an important fact out of Iblu Khaldun’s (1958) research on the science of economics in his book, as follows:

“Iblu Khaldun had widely discussed various types of economic issues including the subjects of value, work delegation, price system, supply and demand, consumption and production, money, capital formation, population growth, macro-economy from taxes and public spending, trade cycles, agriculture, industry and trade, ownership and prosperity, and others. He also discussed various stages experienced by society in economic development.”

This opinion was reinforced by Boulokia (1971:1106-1113) who said that:

“Iblu Khaldun had discovered various important ideas and thoughts in economics, a few centuries before its “official’ birth (in Europe). He discovered the importance of work delegation principle before Smith and the value of work principle before Ricardo. Iblu Khaldun had described a theory on population before Malthus and emphasized on the role of government on economy before Keynes. In fact, more than that Iblu Khaldun had utilised this concepts in developing a dynamic system where the economic mechanism was indirectly steered towards long term changes of economic activities.”

Boulokia (1971) also conveyed political economic theory of Iblu Khaldun such as higher government spending lead to better economy. Iblu Khaldun (1958) reminded that government spending should be focused on the public needs. From these theories, the balance of community development in terms of materialistic and spiritualistic development became the basis of avoiding social issues. According to Iblu Khaldun further, a government and economy based on divine laws is better in order to achieve prosperity in this world and the hereafter.

Other than Iblu Khaldun, other Islamic academic figure, who also discussed economics and tied it to politics, is Iblu Taimiyyah (1976). Among his discussions was market mechanism including fair pricing, fair trade, the concept of fair profit, and fair wages. Fairness became the economic
goal in a society. For example, this concept of fairness is discussed in exchange transaction and other connections with the member of society. These economics concepts is tied in with politics as a guidance for the government to protect the society from various exploitations. For examples, Ibn Taimiyyah (1976) applied the concept of fairness to the trader. It involved no compulsion to sell their goods at a price that causes the loss of their usual profits. The basic aim for fair pricing is to protect the interest of the employee and the employer as well as preventing them from exploiting each other.

Ibn Taimiyyah (1976) also discussed the connection between government and the function of money. Currency devaluation and bad currency will drive out good currency. Ibn Taimiyyah (1976) said that bad quality money will drive out good quality currency from distribution. He associated this issue with the responsibility of government. He explained as follow:

“When authority cancels a certain currency and prints another, it will be a loss for the rich who own money because the old currency devaluates into just item. The authority acted unjustly by depriving them the high value that they should have own. In addition, when the intrinsic value of the currency is different, it will become a source of profits for the criminals, who collect these bad currencies and exchange it for good currencies and then bring these to another area to exchange them with bad currencies and finally bring the obtained bad currencies back to the starting area. Thus, community value of goods will be destroyed.”

In the context of national revenue, according to Ibn Taimiyyah (1976), the only ones that are in accordance to shariah are ghanimah, zakat and fai’. Fai’ includes jizyah (taxes) levied on the Jews and Christians, war booty, gifts presented to the king, entry tax on enemy state-owned commodity, fine, and kharaj. Kharaj involved the tax on agricultural land. According to him further, when the state revenue is inadequate, taxing policy can be issued. National requirements in regards to the people are concerns for the poor, jihad war and defence funding, law and justice, pension fund and government officers’ wages, infrastructures development and public safety.

As for al-Maqrizi, Perwatamadja, Karnaen and Anis Byarwati (2008:173) said that al-Maqrizi (766-845 H) explained that political administration nowadays were getting weaker and problematic. Officers were put into positions through bribery and not for their capability. In order to reach a position via the mean of bribery, they drive out good quality currency from distribution. He explained as follow:

As for contemporary scholars, only Masudul Alam Choudhury (1990a; 1990b; 1992; 1997a; 1997b) wrote about Islamic political economy. He also work together on publications with other researchers. For example, Masudul Alam Choudhury with Malik (1992); Masudul Alam Choudhury with Uzir Abdul Malik (1992); and an article editing by Masudul Alam Choudhury with Abdad and Muhammad Syukri Salleh (1997). The holisticity of Islamic political economy can be seen through the definition given by Masudul Alam Choudhury (1990a; 1990b; 1992; 1997a; 1997b) which is a science that studies the relationship between the government (syura) and market sub-system. This definition shows that Islamic political economy is a holistic interaction. The interaction develops human understanding towards shariah institution and social acceptance in human behaviour.

According to Masudul Alam Choudhury (1997b) further, the epistemology of Islamic political economy is based on Quranic epistemology. The Quranic epistemology is the basic principle of Islamic political economy. While Ghosh (1997:43) underlined three important characteristics in Quranic epistemology that exhibit its holisticity. Firstly, it is a total divine epistemology; secondly, it is a holistic system, which not only involved a unity of knowledge but also knowledge continuity; and thirdly, it can be summarised as a dialectic evolutionary process by any Quranic-Sunnatic normative premise that can appear as a synthesis, followed by the anti-synthesis Shuratic-ijtihad that finally lead to the synthesis on the Ijma’-Ahkam stage.

Masudul Alam Choudhury (1997b) explained that the Quranic epistemology is planted through universal behaviour. This behaviour is based on interactive and integrative approach in the process of management and institutionalization. It is also called the Shuratic process by Masudul Alam Choudhury (1997b). To him, the Shuratic process is alternatively called circular causation and continuity model of unified reality. In simple words, the basis for Islamic political economy epistemology is tauhid, and this process emerged as the result of interaction and integration between behaviour and institution. This method is based on the agreement reached through shura.

Besides that, Mohd Syakir Mohd Rosdi (2010:46) said that Islamic political economy was formed through the combination of three philosophies, which are the philosophies of Islamic sociology, Islamic economics, and Islamic politics. To him, this field is more comprehensive and holistic since it encompasses all three main fields of study i.e. Economics, politics, and social. Out of the three field, the characteristics and implementations of Islamic political economy were formed. The characteristics are socio-political development, socioeconomic development, balanced community development, public interest, and human resource management. While the implementation included the emphasis on the concept of justice and welfare, amar makruf nahi mungkar, based on the concepts of ‘ubudiyah and uluhiyah, and responsibility as a caliph and servant of Allah. In this implementations, there is the
The holisticity of Islamic political economy can also be seen in terms of its historic development, starting from the 2nd century Hijrah. Since that century, the science of Islamic political economy had been discussed by a few well-known economic theorist. For example, according to Muhammad Nejatullah Ash-Shiddiqi (1976:264), the success of Islamic civilization and its influence on world history for 1000 years cannot be achieved without the economics and political ideas (ideology). From Abu Yusuf in the second century to Thusi and Waliyullah, there were strong knowledge continuation regarding taxes, government spending, household economy, currency and trade, work delegation, monopoly, price monitoring, and etc. However, it was a loss when there was no serious attention given to this valuable intellectual treasure by academic institutions in the economics and politics departments.

Therefore, Western ideologist Adam Smith (1776) had taken the opportunity to further study political economy. Adam Smith (1993) was said to refer and edit the work Abu Ubaid (838 M), Al-Amwal (H. Veithzal Rivai & H. Andi Buchari, 2013). The work of Abu Ubaid had also been referred to by Islamic scholars regarding political economic based on Islam. So, Islamic political economy was considered to be holistic since at the time, it influenced economics and politics, which were introduced much earlier before the work of Adam Smith became famous. At this time, politics and economics were fields of study under Islamic political economy.

Then, the science of Islamic political economy was divided into two separate sciences, which were Islamic economics and Islamic politics. This division occurred as an effect of the influence from the separation of knowledge in the West (H. Veithzal Rivai and H. Andi Buchari, 2013). These separation transpired because economics and politics in the West employed different methods. Economics included mathematical calculations involving important formulas. It also concentrated on economic development of developing and providing solutions for under-developing countries. The focus were economic development, economic growth, economic transformation, and economic system (Adelman, 1961).

While the science of politics was not involving any form of calculation, instead it studied the subject of administrative management, current management, political party oppositions, and conflict discussions in family, community, country and the world. Politics usually discusses three main subjects, which are political comparison, international relation, and political theory (Kesselmen, 2010).

The separation between Islamic politics and Islamic economics remained until the World War II (Mayer, 1987). The war lead the Islamic scholars to sit together and collectively discuss the issues surrounding Islamic economics and Islamic politics. Although they were able to sit together, they kept on separating the science of economics from the science of politics.

Thus, in 1975, the International Development Bank (IDB) was built in Jeddah. Similarly, higher education institutions that developed the study of Islamic economics were established in the West and Middle East. Among them are University of Wollongong in Australia, Islamic Society of North America (ISNA) in United States of America, as well as Loughborough University, Harvard School of Law, University of Durham, and University of Wales, Lampeter in United Kingdom. Harvard University also held Harvard University Forum each year to debate on Islamic economics (Agustianto, 2006). Islamic politics was introduced through most universities in the Middle East and Asia as siyasah syar’iah. It was introduced in the majority of university that offered religion courses such as Al-Azhar University in Egypt.

Simply put, the science of Islamic economics and the science of Islamic politics initially were discussed collectively, then they were separated because of the differences in methodology, and finally they were recombined although remained disjointed. Similarly, the science of Islamic political economy was indeed used since early hijrah through discussions of scholars including Islamic economics and Islamic politics, only to be separated later on due to differences in methodology and manhaj.

From all three reasons presented above, it is clear that the science of Islamic political economy is more holistic than economics. Actually, the majority of Islamic economics scholars indirectly agreed that the basic principles of Islamic economics are related to politics because it includes the principles of justice and khilafah, which lead to five values. First, ta’hid (Islamic monotheism); kedua, ‘Adl (justice); third, Nabuwawah (prophethood); fourth, Khilafah (government); and fifth, Ma’ad (result) (Mohamed Aslam Haneef, 1995:2; M. Nejatullah Siddiqi, 1988; H. Veithzal Rivai and H. Andi Buchari, 2013: 208). Khurshid Ahmad (1980:178-179) also included the values of Rububiyyah (lordship), Tazkiyah (purification) and M. Akhyar Adnan (1996: 136-137) included Masuliyyah (accountability).

CONCLUSION

From the discussions presented previously, it had been identified that Islamic political economy is the chosen holistic field for overcoming problems and providing solutions to Ummah economy. Islamic economy only discusses the theories and issues regarding economy, compared to Islamic political economy that discusses both politics and economics. The discussion of the principles and characteristics of economy is related to politics such as the principles of caliphate, justice and accountability. Similarly, in discussing economy, the economic policies are inevitably decided by government. Three reasons presented earlier clearly showed the holisticity of Islamic political economy. Firstly, Allah emphasized on the relationship of Islamic political economy; secondly, the emphasis by Islamic scholars on Islamic political economy; and thirdly, the historical development of the science of Islamic political economy. From the arguments presented, Islamic
economics cannot exist without politics and similarly, politics is not strong without economics. Thus, it can be concluded that Islamic political economy is more holistic compared to Islamic economics in providing remedies to Umah economy.

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"According to Mohd Shuhaimi Haji Ishak (2011), Ungku Aziz carried out a few studies inquiring about usury in Islam by seeking opinions of experts and Islamic scholars. From a comprehensive study on the issue of poverty and savings for Hajj, he proposed the establishment of Tabung Haji. Hence, Ungku Aziz was one of the pioneers of Tabung Haji establishment in Malaysia.

"Utopia" is a concept of ideal society where all economic, political and social injustices are eliminated and the function of a Nation is to create prosperity for the whole society (Nienhaus, 1982).