Conceptualization of Islamic Political Economy

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Abstract

Islamic political economy is a new field and no fixed concept has ever existed. In general, this qualitative descriptive paper is written to identify the concept of Islamic political economy. Specifically, it deals with the goals, features, and principles of Islamic political economy. It is done with the aim to understand the Islamic political economy in the midst of the dominant conventional political economy. This library-research-oriented paper is based on secondary data and analyzed through a comparative approach. The result manifests distinctive differences between the goals, features, and principles of the conventional political economy and those of the Islamic political economy. These differences entail from the difference of the world-view (tasawur) between the two.

Keywords: Political Economy, Islamic Economy, Political Islam, Islamic Political Economy

Introduction

This article is written to understand the concept of Islamic political economy. For this purpose, this paper is divided into three part. The first deals with a brief the concept of political economy; the second discusses the concept of Islamic political economy; and the third is compare of goals, features and principles between political economy and Islamic political economy. It is composed to observe the general differences between the concept of common political economy and the concept of Islamic political economy. Differences are examined on the basic, the principal as well as the fashion of both. From these differences, the skeleton of the conceptual Islamic political economy is built. This descriptive qualitative article uses library research as a method to obtain secondary data. Subject determination method is used so that this research is focused on a field related to Islamic political economy only. Lastly, method of content analysis is used to systematically observe and clarify the contents of the documents researched.

The Concept of Political Economy

Literally, political economy refers to a branch of economy that analyses economy according to political approach and a branch of political sciences that talks about the influence of economy on politics (Kamus Dewan, 2005). This field is important in understanding how political development of a country is influenced by economical factor. Figuratively, in typical understanding there are three different clusters of defining method for political economy. The first one is defining it towards the management and administration of national property; the second definition is based on a combination of various disciplines. While the third definition is solely for political economy.
A few scholars have explained the meaning from these three different clusters of definitions. For example, the elaboration for the definition in terms of the management and administration of national property has been described by Caporaso & Levine (1993), Deliarnov (2006), Jevons (2008) and Albert Widjaja (1982). Caporaso & Levine (1993:45) have said that political economy refers to a method of expressing an opinion regarding issues around the management of economy to the administrators and rulers of a country. It is also stated as below: “Political economy referred to the management of economy affairs of the state” (Caporaso & Levine, 1993:45). On the other hand, Deliarnov (2006:8-10) defines political economy as a political process towards economic analysis. While Jevon (2008:7) said, ‘political economy treats of the wealth of nations’. This saying refers to the responsibility of the rulers to preserve the wealth of a nation. This responsibility is done by appointing officers as administrators and managers to complete the task. Albert Widjaja (1982:99) said that political economy has a similarity to the concept of guided economy. According to him, guided economy method that may increase economic growth has been tried to be implemented on the ground of stabilizing the respective governmental ideologies. The second pool of defining method is based on a combination of various disciplines. This method of definition for example, has been done by Bascom (2009), Deliarnov (2006), Devas (2009) and Staniland (1981). These definitions refer to the meaning of political economy in its entirety including all aspects whether in economy, politics or social. Bascom (2009:12) for example elaborates political economy according to social sciences involving community development from the economic and political aspects. He said that “political economy is the science of wealth” and “science of value” (Bascom, 2009:12).

Deliarnov (2006:10) defines political economy as a direction towards issues related to social theories that arise from studies of the connection between economic and political sciences. On the same note, Devas (2009:25) also said that political economy can be studied behind the relationship between science and economic law in general. Besides that, according to Staniland (1981:37), political economy is ‘A Study of Social Theory and Underdevelopment’. This observation exhibited that a focus on social theory basic problems will bring to a discussion of economic and political problems. This is also defined by Shamsulbahriah Ku Ahmad (1990:xi) who said that political economy is a vast field encompassing not only economic and political aspects but also sociology, political science and history. This opinion exhibits that the coverage of political economy includes various disciplines. These disciplines are not just limited to social sciences, but also extend towards economic, political, cultural, and psychological sciences, as well as law. From this definition, political economy seems to be more focused to the issues of oppression, class and class conflict, external debt, investment, development of capitalism and others associated with economy. This discipline also regards branches of political sciences such as political philosophy, political theory, Malaysian politics as well as political sociology. The third defining cluster focusses the definition solely to political economy. There are two scholars who define it in such a way. They are Shamsulbahriah Ku Ahmad (1990) and Shively (2011). Shamsulbahriah Ku Ahmad (1990:xi) describes that economic theory does not shape politics, however political interest philosophy does shape the national economic policy. Likewise, a politician as a principal does not have total freedom, but as a nation leader he has the place and opportunity to determine the national economic policy. This decision is made according to the politician’s opinion of economic policy.

Economy aims for growth of nation, while politic aims for ruling and power (Shamsulbahriah Ku Ahmad, 1990). Both are closely related to each other. This relationship can be observed from how national development is dependent on economic and political stability. Economy cannot move forward without rulers to manage it. Similarly, politic cannot last without the integrity of national economy (Surtahman Kastin Hasan & Sanep Ahmad, 2010; Asrar Omar, 2003). Shively (2011:8) defines political economy as a part of political sciences that discusses about the interaction between economy and nation. His exact words are as below; “The subfield of political economy within political science focuses on how the state and economy interact” (Shively, 2011:8). This definition of political economy only revolves around the same meaning which is the interaction of economy towards nation or nation towards economy. Based on these three groups of definitions in sum, it is then divided into two branches: economic and political. These branches are formed from the emphasis of those definitions produced by the scholars. And this emphasis is influenced by their respective knowledge. For the economic branch, most of the definitions are produced by the economists. They tend to exhibit that economy is the factor influencing politics. While for political branch, definitions that incline to highlight political influence on economy are emphasized by scholars in the field of politics.
In summary of all these meanings and definitions, political economy analyzes economy and politics so that the interaction between economy and rulers in ensuring national wealth can be enhanced as a mean to fulfill social needs. It encompasses the field of political sciences, and extends to social sciences, culture, law and psychology.

**The Concept of Islamic Political Economy**

The definition of political economy can be used as a prefigure to build the definition of Islamic political economy. However, this definition of common political economy is not the main building blocks of Islamic political economy definition because of their differences in tasawwur. These differences occur in the diverge epistemological framework. According to Muhammad Syukri Salleh (2003: 20-21), the epistemology of common development theory originates from western ideology, while the epistemology of Islamic knowledge stems from the four main sources which are al-Qur’an, al-Hadith, Ijma’ and Qiyas Ulama. All of these four sources form the Islamic tasawwur. Islamic tasawwur as mentioned here means the portrayal of Islam in its authenticity, that explains in entirety the basic principles of Islam in truth and completeness, until it merges as a part of the person who understands it. Islamic political economy is still in its early stage of development. In developing the science of Islamic political economy, Islam as a term needs to be defined. The word Islam is an addition to the term political economy. Islam is the term that differentiate common political economy from political economy based on Islam. Islam is known as a religion that is based on perfection. Islam is defined as a religion of perfection that encompasses all matters including spiritual dimension, moral, ideology, education, jihad, social, economy, and politics (Yusuf al-Qaradhwai, 2002). To date Masudul Alam Choudhury (1990; 1992; 1997a; 1997b) is the only one who frequently wrote about Islamic political economy. He defines Islamic political economy as a science that studies the relationship between government (shura) and market sub-system. This definition exhibits that Islamic political economy is an approach of interaction. This interaction is conducted to build human understanding towards social acceptance and jurisprudence institutions in human life conduct.

As a result of understanding the definition of common political economy and Islamic political economy above, a framework of Islamic political economy definition can be summarized to be used in this research. The definition of Islamic political economy summarized here is a combination of Islamic economic philosophy and Islamic political philosophy that involves sociopolitical development, public interest, human resource, and conflict management. It is executed based on the concept of justice and welfare, amar makruf nahi mungkar, ubudiyah and uluhiyah as well as responsibilities as a caliph and servant of Allah SWT under the guidance of al-Qur’an and al-Hadith based on the concept of ummah reformation, aiming for mardhatillah, which is to gain al-falah i.e. success in this world and the hereafter. This definition is more comprehensive as it is produced out of an understanding of those few definitions presented earlier. It is formulated based on its suitability with this research objective.

**The Comparative Goals Between of Political Economy and Islamic Political Economy**

According to Mannur (1982) in his writing entitled ‘Political Economy’, there are three tendencies or goals in Western economic theory which are materials, efficiency, and marketing. Those goals are different from the goals of Islamic political economy. According to Muhammad Syukri Salleh (2003), each Islamic developmental activity should be aimed towards mardhatillah based on the seventh principle in his writing. Affandi Hassan (1992) on the other hand argues that al-falah concept i.e. aiming for success in this world and the hereafter, should be applied in line with Islamic management of a nation. According to him, this should be prioritized as the main goal. Therefore, developmental goal and Islamic management have two aims which are mardhatillah and al-falah. These aims are consistent with the concept of ummah reformation that becomes the main factor in restoring the balance of duniawi and ukhrawi development (Wan Mohd Nor Wan Daud, 2005). This is a part of the features of Islamic political economy. In order to implement this ummah reformation, there should be an understanding and observation of the concept of hablumminallah and hablumminannas in oneself. Through that understanding and observation, it is hoped that men and nature will mutually experience happiness, peace, and harmony from the reformation (Hasiah Mat Salleh, 2010). This is the true ummah reformation and victory.

**The Comparative Features Between of Political Economy and Islamic Political Economy**

According to Shamsulbahriah Ku Ahmad (1990), political economy encompasses not only economics but it also includes sociology, political sciences, and history. When political economy is examined from human resource development point of view, political economy seems to have similarities with Islamic political economy.
These similarities occur in relation to responsibilities of rulers in managing human resource development whether at a village-, city-, or nation-wide level (Rahmah Ismail, 2003). Deliarnov (2006:10) defines political economy towards issues revolving around social theory that arise as a result of a research on the relationship between economic and political sciences. Likewise, Devas (2009:25) said that features of political economy can be studied behind the relationship between sciences and law of economics in general. Shively (2011:8) characterized political economy as a part of political sciences that discuss about the interactions between economy and nation. His words are as below; “The subfield of political economy within political science focuses on how the state and economy interact” (Shively, 2011:8). From these features of political economy, it is understood that political economy analyses economy and politics so that the interaction between economy and rulers ensures the increase of national wealth to fulfill social needs. It encompasses political sciences, and extends to social sciences, culture, law, and psychology. This features can be used as an initial overview to characterize Islamic political economy. However, the characteristics of common political economy is not the main building blocks for the characterization of Islamic political economy because of the dissimilarities in tasawwur. These occur in the diverge epistemological framework. According to Muhammad Syukri Salleh (2003: 20-21), the epistemology of common development theory originates from western ideology, while the epistemology of Islamic knowledge stems from the four main sources which are al-Qur’an, al-Hadith, Ijma’ and Qiyas Ulama. All of these four sources form the Islamic tasawwur. Islamic tasawwur as mentioned here means the portrayal of Islam in its authenticity, that explains in entirety the basic principles of Islam in truth and completeness, until it merges as a part of the person who understands it.

The Comparative Principles Between of Political Economy and Islamic Political Economy

According to Joni Tamkin (2007) as an example, Islamic economics principles involve justice, property ownership, and ethical values. As a constituent of the objectives of Islamic economy, these principles should be implemented. These principles are different from capitalist economic principles as mentioned by Y. Mansoor Marican (1982). According to him, capitalist principles ultimately aim for materials and personal gain which are colonialist in nature. This is contrary to the opinion of Adam Smith (1776) who said that the free market principle of capitalism or known as ‘lassiez-faire’ is better and more just in comparison to communism principles introduced by Karl Marx. However, it gained criticisms from socialists and communists after a bad recession in the 30’s. The socialists appeared with a claim that their economic system is better. From all of the opinions on capitalism and socialism discussed above, it is found that these systems bring about negative impacts on society’s opinions. According to M. Umer Chapra (1997), capitalism and socialism have created hatred in society especially Muslims as they are not comfortable with the over-individualistic system where people presented themselves in an unhealthy rivalry. In addition, the system of riba i.e. usury practiced in those systems burdens the society. Likewise, communist doctrine in itself is burdensome when they suggested for a total annulment of personal property. It leads to a strict political regulations, tendency to oppress, and individual initiatives that conflict with human nature. In conclusion, Ibn Khaldun said that governance based on rules revealed by Allah SWT is better in achieving happiness in this world and the hereafter. From here, it is exhibited that differences between common political economy and Islamic political economy do exist.

From the whole discussion, it can be concluded that the implementation of Islamic political economy is in line with Islamic jurisprudence. This consistency is because its features and implementations are based on the concept of ummah reformation anchored to al-Quran and al-Hadith which eventually aim for mardhatillah. Hence, to facilitate brief understanding of Islamic political economy, Figure 1.2 can be observed. Based on previous researchers’s work and a few of the studies and writings discussed above, an updated conceptual framework regarding Islamic political economy can be constructed. The framework is as shown in Figure 1.2. Figure 1.2 shows that Islamic political economy is founded on al-Quran and al-Hadith. Out of these two sources, born three main fiqh discussed in Islamic political economy which are fiqh iqtishodi (understanding of Islamic economics), fiqh ijtimai’i (understanding of Islamic social), and fiqh siyasi (understanding of political Islam). All three fiqh have their own principles that shape Islamic political economy. However, it should be clear that all three fiqh has to be implemented out of faith, knowledge, good deeds and sincerity. All four main prerequisites define a perfect implementation of Islamic political economy. Next, the Islamic political economy which was formed by the three fiqh is also set to follow a few features, principles and implementations. Such features are the socio-political and socio-economic development, balanced development of society, as well as the public interest and human resource management.
For the principles of Islamic political economy, there are some things that are highlighted in that it emphasizes the concept of justice and charity, amar makruf nahi mungkar, based on the concept of 'ubudiyah and uluhiyah, responsibilities as a caliph and a servant of Allah SWT and the shura. Similarly, there are some implementations that should be followed to ensure the economic, political Islam is not deviating from the actual guidelines. These are keeping the peace and enforcing the law, education, military preparation, health care, public interest protection, expanding wealth while preserving Baitu'l mal, moral strengthening, and spreading dakwah. To ensure a smooth implementation process, all these should be performed by Muslims under the leadership of Muslim countries that employ Islamic system. Finally, maqasid syar’iah should also be referred so that the boundaries of shari’a law is preserved. Once the combination encompasses all components, it will coincide with the concept of Islamic community reformation mentioned before. All these, when executed by quality Islamic leadership in accordance with Islamic law, the goal of mardhatillah i.e. achieving the pleasure of Allah SWT will be achieved.
Conclusion

From the above discussions, it appears fourth differences between the common political economy and the Islamic political economy. Firstly, the concepts; second the goals; third the features; and fourth the principles. From the concepts of common political economy is implemented for a materialistic development. This is contrary to the concept of Islamic political economy which is exercised not only from materialistic point of view, but extend beyond that to spiritual development. Then, the goals of common political economy have three tendencies which are material, efficiency, and marketing. Those goals are different from the goals of Islamic political economy. It's have two aims which are mardhatillah and al-falah. Besides that, the features of common political economy it is understood that political economy analyses economy and politics so that the interaction between economy and rulers ensures the increase of national wealth to fulfill social needs. It encompasses political sciences, and extends to social sciences, culture, law, and psychology. This features can be used as an initial overview to characterize Islamic political economy. However, those features are different from the features of Islamic political economy because of the dissimilarities in tasawwur. These occur in the diverge epistemological framework. The epistemology of common development theory originates from western ideology, while the epistemology of Islamic knowledge stems from the four main sources which are al-Qur’an, al-Hadith, Ijma’ and Qiyas Ulama. Lastly, the principles of common political economy capitalist principles ultimately aim for materials, profit and personal gain. Those principles are different from the principles of Islamic political economy because the principles Islamic political economics involve justice, emphasizing justice, welfare concepts, amar makruf nahi mungkar, based on the concepts of ‘ubudiyah and uluhiyah, responsibilities as a caliph and a servant of Allah SWT, shura and ethical values. Accordingly, Islamic political economy that emphasizes both the spiritual and material development will create a balanced life physically and spiritually. This balance will bring peace and harmony in this world. From this, a conceptual framework was constructed to answer the question about concept of Islamic political economy.

References


