MUHAMMAD BAQIR AL-SHADR’S THOUGHTS IN BUILDING A FAIR ECONOMIC SYSTEM

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Abstract: This study aims at analyzing and exploring Muhammad Baqir Al-Shadr's thoughts on the fair economic system. This study uses a descriptive qualitative approach, with document review. The results of this study conclude that the economic problem does not lie in the production or scarcity of resources, but rather due to the problem of unequal and unfair distribution as a result of the economic system allowing the exploitation of the strong against the weak. In addition, Baqir Al-Shadr argues that the Islamic economic system must be more comprehensive, in-depth and rooted in Islamic justice values.

Keywords: economic system; distribution; justice

Introduction

The discussion of the concept of distribution justice is not a new discourse in the discourse of Islamic economic science. Regarding the distribution there are some Islamic economists who have different opinions. This is because distribution is not only related to economic problems but also related to social, cultural and political problems. After the collapse of the economic system of socialism marked by the collapse of the Soviet Union in 1990, the world community then believed that the way to achieve a more prosperous life was to follow and run a free enterprise system based on capitalism. However, this assumption is also erroneous, the economic system of capitalism does not give birth to progress but an anomaly of progress, which is an economic progress in which there is a time bomb. Thus, an economic crisis that is ready to explode at any time. The economy of capitalism is oriented only towards utilitarianism, pragmatism and individualism which causes the disconnection of world society from the transcendent.

The economy is a discussion that departs from the problem of scarcity. The economy arises due to limited resources. If it is presupposed that there is no scarcity then the discussion of the economy will certainly not exist. This is because if an item is excessively available then the item is worthless and therefore not traded. An item of economic value, if it is not sufficiently available to everyone who is looking for it.¹

In economic theory there are two central themes that have always been the subject of debate by economists, namely production and distribution. Both discussions are aimed at finding solutions to solve the problem of scarcity faced by mankind. Production deals with what is produced to meet human needs. Meanwhile, distribution is related to how to divide the goods produced earlier fairly so that every human being is able to meet their needs. Economics, in general is defined as the study of human behavior in relation to the utilization of scarce productive sources to produce goods and services, as well as distribute them for

consumption. In general, Islamic economics is based on five pillars that are universal, namely: tawhid (faith), ‘adl (justice), nubuwwah (prophethood), caliphate (government), and ma’ad (result). The existence of the Islamic economic system is a consequence of the Islamic worldview.

There are differences of views among Muslim thinkers about the meaning, theory and methodology of the Islamic economy. These Muslim thinkers fall into three categories. First, experts in the field of fiqh so that the approach taken is legalistic and normative. Second, modernist groups that are more courageous in providing interpretations of Islamic teachings in order to answer the problems facing society today. Third, Muslim practitioners or economists with a Western educational background.

Islamic economic thought arose along with the passing down of the Quran and the lifetime of the Messenger of Allah at the end of the 6th century AD to the beginning of the 7th century AD. Implementation of the Islamic economic system has existed and was implemented by the Messenger of Allah SAW as an Apostle for Muslims. Even the Arabs had been famous as a merchant nation before the period of the Prophet Muhammad SAW. After that time many Muslim scholars contributed works of economic thought. Their works are very weighty and have strong religious and intellectual arguments and are supported by empirical facts.

Furthermore, the purpose of the Islamic economy as a manifestation to achieve happiness and brotherhood can be seen from the distribution of wealth that is running well and properly, with mechanisms to eliminate social inequality through the distribution of wealth that is just and prosperous in both for its people and people of other religions. In addition, the Islamic economy is seen as a system close to the social market economic system.

Umar Chapra called the Islamic economy the economy of Tawhid. Its main goal is the realization of the human goal of achieving the happiness of the world and the hereafter (falah), as well as a good and honorable life (al-hayah al-fayyibah). It is a definition of welfare in the Islamic view, which differs fundamentally from the notion of welfare in a secular and materialistic conventional economy. According to Zarqa’ the purpose of the Islamic economic system is related to the goal of not only fulfilling the welfare of life in the world (materialist), but also the welfare of a more essential life (the hereafter), by prioritizing the search for His pleasure in all patterns of behavior from consumption, production to

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distribution.\(^9\)

Baqir al-Shadr was one of the earliest pioneer thinkers in the field of contemporary Islamic economics, which later became a separate school known as the Baqir al-Shadr school. Recognized by many, there are many thought contributions that he has made, especially in the Islamic economic system.\(^{10}\)

In defining Islamic economics, Baqir al-Shadr tried to provide a new interpretation that could be said to be original. He began to build a basic framework by making a significant distinction between the science of economics and the doctrine of economics. According to him, between economics and Islamic ideology there are differences in principles, because the two come from different philosophies so that there is no common ground between the two. Then, economics is a science that deals with a detailed explanation of economic life, events, outward symptoms, and the relationship between these events and phenomena with the causes and general factors that influence them. While economic doctrine is a method or method chosen and recognized by a society in solving every practical economic problem it faces.\(^{11}\)

From this, Baqir al-Shadr further stated that a significant difference between the two terminologies above is that economic doctrine contains every basic rule in economic life that deals with ideologies such as the values of justice. Meanwhile, economics contains every theory that explains the reality of economic life separate from the ideological framework. It is these values of justice that for Baqir al-Shadr are the milestones of the separation between the idea of economic doctrine and the scientific theorist theories of economic science. Thus, Baqir al-Shadr concluded that Islamic economics is a doctrine and not a science, because it is the way that Islam recommends pursuing economic life, it is not an Islamic interpretation of the events that occur in economic life and the laws that apply therein.\(^{12}\)

In economics, economic problems are caused by the problem of scarcity of economic resources (scarcity) compared to human needs of an unlimited nature. This concept of scarcity is unacceptable to Baqir al-Shadr, because it is not in harmony with the message of revelation that guarantees the life of every creature on this earth. Baqir al-Shadr rejects this understanding, because in Islam it has been affirmed that Allah has created beings in this world including humans in the sufficiency of economic resources.

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\text{الَّذِي لَهُ مُلْكُ السَّمَاوَاتِ وَالْأَرْضِ وَلََْ يَّتَخِذْ وَلََْ يَكُنْ لَهُ شَرِيكٌ فِِ الْمُلْكِ وَخَلَقَ كُلَّ شَيْءٍ فَقَدَّرَهُ تَقْدِيرًا}
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“He has the kingdom of heaven and earth, and He has no children, and there are no allies for him in his (his) dominion, and he has created all things, and he has set out their measures as neatly as possible.”

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\text{إِنََّّ كُلَّ شَيْءٍ خَلَقْنَاهُ بِقَدَرٍ}
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“Indeed, We create all things according to measure.”


\(^{12}\) Ibid., 80.

\(^{13}\) Al-Quran, 25:2.

\(^{14}\) Ibid., 54:49.
Baqir al-Shadr argues that economic problems are born due to the problem of uneven distribution of wealth. He referred to the word of God in Quran: QS. Ibrahim verses 32-34:

الله الذي خلق السماعات والأرض وأنزل من السماء ماءً فأخرج به من الفواكه وسخر لكم الجَلَّاء.

It is God who created the heavens and the earth and brought down rainwater from the heavens, and then He brought out with the rainwater various fruits into sustenance for you, and he has subdued the ark for you so that the ark would sail in the ocean with His will, and he has subdued (also) for you rivers. And He has subdued (also) to you the sun and the moon which are constantly circulating (in their orbit), and has subdued for you night and day. And he has given you (your needs) and all that you beg him for. and if ye count the favors of God, ye cannot count them. Indeed, man is very despotically and very disobedient (god’s favor).

Referring to the verse, Baqir al-Shadr argued that economic problems arise due to two fundamental factors, namely because of human behavior that commits tyranny, and because it denies the favor of Allah SWT. According to him, the potential economic resources created by Allah in this universe are so abundant, both on land and at sea. If managed properly and wisely, undoubtedly all individuals in the world can live decently and humanely. But the facts have proved that not all human beings can enjoy god’s grace, so many of them still live below the poverty line, while another small part is immersed in luxury.

Previous research on the thought of Muhammad Baqir al-Shadr in the economic system was very varied. As stated by Agus Waluyo Nur16 that the concept of social balance offered by Baqir al-Shadr is a concept of balance that is based on two basic assumptions, namely cosmic facts and doctrinal facts. In addition, the research presented by Dewi Nur Ainiyah17 in which the conclusion is that Abdul Mannan and Baqir al-Shadr are great Islamic economists for the development of the Islamic economy. Furthermore, the research presented by Choiriyah,18 that the idea of Islamic economics could not have been implemented without the role of the government in the economic field. The role of this government in Shadr’s conception is concerned with the effort to realize well-being in the midst of human life. Two important roles of the government in this regard are realizing social security and social balance.

This research focuses more on the Islamic economic system as an economic school, where Islam regulates economic life with moral values, economics, and economic history of the community as a just system and Islamic economics becomes an economic science that is

15 Ibid., 14:32-34.
18 Choiriyah, “Pemikiran Ekonomi Muhammad Baqir Ash-Sadr”, Islamic Banking: Jurnal Pemikiran dan Pengembangan Perbankan Syariah, Volume 1, Number 2 (February 2016), 49-58.
carried out in daily practice for individuals, families, community groups, and governments / rulers, in order to organize production factors, distribution, and utilization of goods and services produced, in order to comply with Islamic laws and regulations (sunnatullah).

The purpose of this study is to analyze and explore Muhammad Baqir al-Shadr’s thoughts on a just economic system. Where the economic problem lies not in production or the scarcity of resources, but rather in the problem of uneven and unfair distribution as a result of an economic system that allows the exploitation of the strong against the weak. In addition, Baqir al-Shadr argues that the Islamic economic system should be more comprehensive, deep and rooted in the values of Islamic justice.

This research uses a descriptive qualitative approach, with document review. Descriptive in the sense that the researcher seeks to systematically and accurately describe existing data and documents. The type of research that the author uses is library research\(^\text{19}\) by examining a number of scientific journal articles, books and opening websites to obtain data, theories and thoughts related to this discussion. By using these data collection methods and techniques, it is hoped that all the data needed to support the writing of this article can be collected, and can also find an objective conclusion.\(^\text{20}\)

**Building an Equitable Economic System**

The economic system is a fundamental concept as well as a mechanism for carrying out economic activities: production, distribution and consumption, thus determining the direction of work of a country’s economy. The economic system has a very large influence in people’s lives, because it can affect the desires and aspirations that citizens want to have. Even those systems also determine the ideal personality of a person. The economic system adopted by a country is determined by its policy direction to solve economic problems by following the changing times and market dynamics. Broadly speaking, economic problems can be detailed in three questions, namely what, how, and for whom. All three terminologies will be solved by every economic system, whether it is a problem of production, distribution or consumption.

The economic downturn that plagues the world today, is nothing but the result of a system of Capitalism solely oriented towards the accumulation of capital that ignores important factors in life, both moral values and populist aspects of prudence with risk management in the discourse of economic science. The derivative transactions that are the beginning of today’s crisis are the indisputable concrete fact, that making a profit by means of speculation will bring harm to humans alone. This is in line with the views of conventional economists and former governors of the FAD, Alan Gleenspan who stated that low interest rates, which on the one hand as a tool for managing inflation, in reality give birth to an “Economic Bubble” that in the near future will have the impact of an economic crisis.

The paradigm of the capitalism system that is oriented only towards the accumulation of capital alone and ignores the role of values outside of economic interests will give rise to economic imbalances in society. This is in line with the view of Karl Marx who stated that the


system of Capitalism is a system filled with negative traits. These negative qualities in reality overwhelm the positive qualities of Capitalism. Therefore, renewal and reform in the system of Capitalism will not be able to eliminate these negative basics. Kevin Danaher in his book 10 Reasons to Abolish IMF And World Bank, criticizes the rottenness of the capitalism system through his network of two institutions, IMF and World Bank.

According to Kevin Danaher, who cites data from The United Nations Development Program (UNDP), as many as 20% of the world’s rich are enjoying 86% of the world’s source of wealth. Meanwhile, 80% of the world’s poor population only enjoys 14% of the world’s source of wealth. This is an inequality that is being produced by a system of Capitalism that ironically applies to almost all parts of the world. A similar view can also be found in the thought of Fritjof Capra in his book The Hidden Connections which tried to offer a strategy against the new Capitalism. According to Capra, various integrated systems that iterate the biological, cognitive, and social dimensions of life, show how this comprehensive understanding will be very important for human survival. According to Capra, today the world is faced with two developments that greatly affect humans. These two things are global capitalism and eco-design planning which are in a position to collide with each other. Therefore, for Capra, what humans have to do now is to change the value system that underlies today’s global economic system. Not far from Capra’s view, Anthony Gidden in his book The Third Way states that the world should seek the third way from the struggle of the world snapper system, namely Capitalism and Socialism.

The fall of Soviet Russian Communism on the one hand has also hinted at the powerlessness of the conventional economic system in solving the economic problems faced by humans. In line with this, Francis Fukuyama through The End of History also revealed the same thing. In this case, Gidden stated, alternative systems are one of the keys to get out of the problem. With the collapse of Communism and the chronic failure of Capitalism in the welfare of most of humanity, the Islamic economic system can be an alternative solution to overcome the various problems and economic impasses that exist today.

The presence of the Islamic economic system as a new alternative is not a layman's idea, but has received the support of the world's leading economist who received the 1999 Nobel prize, namely Joseph E. Stiglitz. Together with Bruce Greenwald, Stiglitz wrote the book Toward a New Paradigm in Monetary Economics, trying to offer a new paradigm in monetary economics. In the book they criticize conventional economic theory by putting forward a new monetary approach that is the point of view of Islamic economics in the monetary field, such as the role of money, interest, and banking credit.

The Economist in his survey cited by Ihsan Ali Fauzi shows that the economic institutions contained in the Islamic economic system are very beneficial for the realization of human civilization as a whole. The Islamic economic system is an option in the midst of the current world economic system with its market mechanisms that can no longer be controlled by anyone and any system. The Islamic economic system exists as an alternative to the alignment of the economic system in a fair and beneficial market order and the welfare of human beings. Sayyid Husin Nasr sees that economic instruments of justice can be found in the Islamic economic system through the management of zakat, infak, sadaqah and waqf aimed at the welfare of all levels of society.
The Islamic Economic System is not just an interest-free economic system. Based on universal Islamic justice, this system encompasses and houses all economic aspects of human life. The Islamic economic system is a middle ground for humanity that departs from an awareness of the importance of ethics. The economic system of Islamic ethics is different from all economic systems that have ever existed. Both capitalist and socialist economies all depart from the existence of interests (interests). Even the Capitalist economy departs from individual interests (selfishness), and the Socialist system departs from interests that are collective (collectivism).

At that stage, Baqir al-Shadr tried to offer a new paradigm of Islamic economics by deconstructing the economy of Capitalism towards an economic system that is just and godly in order to realize human welfare. The Western economic system is stated to have failed to create the welfare of mankind which is the main goal of the presence of an economic system. In establishing the Islamic economic system, Baqir al-Shadr departed from the view that Islam could provide an avenue for the establishment of brotherhood and justice. The main goal of brotherhood and justice in Islam is directed at the interests of the welfare of all human beings. This well-being includes satisfaction of a physical nature, since peace of mind and mental happiness can only be achieved by means of meeting physical and spiritual needs.21

For Baqir al-Shadr, the Islamic economic system has several characteristics in terms of multitype ownership, decision-making, allocation of resources and public welfare, as well as the prohibition of usury and distribution of zakat. According to Baqir al-Shadr, Islamic economics has a concept of ownership that is said to be multi-type ownership. The form of ownership is formulated in two groups, namely the form of private ownership (private) and joint ownership. Joint ownership is divided into two forms of ownership, namely public ownership and state ownership.

In terms of decision-making, resource allocation and public welfare, Baqir al-Shadr stated that state ownership is very dominant in the Islamic economic system. This prompted the birth of an idea that the role of government in the economic sphere is very important. As for the prohibition of usury and the distribution of zakat, Baqir al-Shadr argues that usury is something that should be kept away from the economic interaction of the people. Meanwhile, zakat is a strategic instrument that can help realize welfare in the midst of people’s lives. Baqir al-Shadr also explored the Islamic economic system with its monetary system which prohibits the practice of usury (interest) in every banking transaction.

Baqir al-Shadr’s view can be called the mainstream view of medieval Islamic jurists who agreed on a conclusion that any kind of interest on money was forbidden. However, according to Fazlur Rahman, interest among banks (which is generally influenced by classical economic theory), assumes that the balance between the amount of savings and capital investment is more influenced by interest rates, and that fixed interest rates must exist for economic stability and the development of capital investment. It was this postulate that was later sharply criticized by Baqir al-Shadr by stating, that the classical theory of the flowering of money had failed in its mission, since the amount of savings was not always determined by the magnitude of the amount of interest rates.

This opinion is reinforced by Gustav Cassel, a Jewish economist, in Nature and

21 M. Umer Chapra, Masa Depan Ilmu Ekonomi, 56.
Necessity of Interest, that large amounts of savings are actually influenced more by the income saved, and the optimal productivity of capital investments, not influenced by interest. Islam, in prohibiting usury, not only relies on theological foundations alone, but also looks at aspects of humanism, that is, avoiding the exploitation of the strong over the weak, and emphasizing just well-being.\(^{22}\)

According to Baqir al-Shadr, the concept of equilibrium is based on two basic assumptions; cosmic facts and doctrinal facts. Cosmic facts are a difference that exists in the midst of people’s lives. According to Baqir al-Shadr, it is a fact that no one can deny that each individual naturally has different talents and potentials. These differences at one point will eventually give birth to differences in people’s lives. In this case, the difference is known as the social stratum.

From this, according to Baqir al-Shadr, it is unjustified that the differences that are innate or cosmic above are the result of historical processes that are accidental, as Marx and his followers interpreted the process of transforming the system of people’s lives from the communal level to the peak system, namely communism, which is rooted in a dialectical process in production relations (economic interaction). As for the doctrinal fact is the law of distribution which states that work is one of the instruments of the realization of private property that brings consequences to everything attached to it. From the foregoing, the concept of social balance in Islam according to Baqir al-Shadr is a concept of balance that must be based on the two basic assumptions above.

**Conclusion**

Economic problems arise due to two fundamental factors, namely because of human behavior that commits tyranny, and because it denies the favor of Allah Almighty. According to him, the potential economic resources created by Allah in this universe are so abundant, both on land and at sea. If managed properly and wisely, undoubtedly all individuals in the world can live decently and humanely. However, the facts have proved that not all human beings can enjoy the grace of Allah Almighty, so there are still many of them who live below the poverty line, while another small part is immersed in luxury. For Baqir al-Shadr, the Islamic economic system has several characteristics in terms of multitype ownership, decision-making, allocation of resources and public welfare, as well as the prohibition of usury and distribution of zakat. From the foregoing, Baqir al-Shadr argues that the economic problem lies not in production or the factor of resource scarcity, but rather in the problem of uneven and unfair distribution as a result of an economic system that allows the exploitation of the strong against the weak. In addition, the Islamic economic system must be more comprehensive, deep and rooted in Islamic justice values.

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