



ISSN: 0976-3031

Available Online at <http://www.recentscientific.com>

CODEN: IJRSFP (USA)

*International Journal of Recent Scientific Research*  
Vol. 8, Issue, 4, pp. 16457-16461, April, 2017

**International Journal of  
Recent Scientific  
Research**

DOI: 10.24327/IJRSR

## Research Article

### NEW PARADIGM CONCEPT OF ECONOMIC GROWTH IN ISLAMIC PERSPECTIVE

**Jasman Saripuddin Hasibuan**

Economic Faculty, University of Muhammadiyah Sumatera Utara,  
Medan, North Sumatera, Indonesia

DOI: <http://dx.doi.org/10.24327/ijrsr.2017.0804.0152>

#### ARTICLE INFO

##### Article History:

Received 15<sup>th</sup> January, 2017  
Received in revised form 25<sup>th</sup>  
February, 2017  
Accepted 23<sup>rd</sup> March, 2017  
Published online 28<sup>th</sup> April, 2017

##### Key Words:

Economic Growth, Islamic Perspective.

#### ABSTRACT

It cannot be denied that economic growth has a positive impact on people's lives. On the contrary, economic growth also negatively impacts the socio-economic condition of the society, namely the emergence of social imbalance, welfare and injustice. This is due to the concept of economic growth in the present orientation that is emphasized only on the material aspect, thus ignoring the basic essence of humanity itself as social and religious beings. Generally the various concepts of economic growth are applied always oriented to the thinking of western scholars, both in theory and model. Various literatures on economic growth in the concept of Islam are still limited in the scope of universities. So reference references in studying the concept of economic growth always refer to the literature of western economist thought. If this continues, it is likely that the problem in trying to solve the concept of economic growth that is relevant and realistic, especially for Muslims to achieve prosperity will not be realized comprehensively.

**Copyright © Jasman Saripuddin Hasibuan, 2017**, this is an open-access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution and reproduction in any medium, provided the original work is properly cited.

#### INTRODUCTION

Economic growth has always been a benchmark in the success of a country in improving the welfare of society. Increased production of goods and services is expected to affect people's incomes. However, the orientation of economic growth in general often refers to the quantitative value of using Gross Domestic Product data through income earned by the public on goods and services from the results of activities carried out during the period of one year. So in general, economic growth always refers to the real increase of public and national opinion.

The concept of classical, neo classical, socialist and modern is an integral part of the economic growth that most countries, especially developing countries in which the majority of Muslim society is implemented. But until now, the concept has not been able to solve the problems of welfare, injustice and poverty both in developing countries and developed countries. When analyzed in depth and comprehensively, the concept of economic growth applied from western scholars thought, generally see all the potential resources in the world to be a determining aspect in improving economic growth. Human and natural resources as means and infrastructure in transforming increased production and consumption, without considering the

nature of human beings as social and religious beings. Mainstream economic growth when it is aimed only at efforts to increase people's incomes, will certainly lead to the orientation of life on material and worldly aspects. The pursuit of high economic growth does not necessarily guarantee the achievement of social welfare and justice. Because the social aspect can be neglected when the government runs various policies by exploring various natural resources without considering the aspects of social life and religion of the community. Besides, the mindset of society will be formed only in the achievement of the fulfillment of the needs of the earthly life is individualism. It will even spark a tendency to justify ways to achieve the goal of increasing income without considering the logical consequences of the misery of others and the environment.

Thus the various theories and growth models of Western scholars' minds need to be re-examined in an effort to maximize economic growth that gives mercy to all of nature (*rahmathan lil alamin*). Because of the concept of economic growth, such as Plato with the concept of "State Justice Theory", Aristotle with the concept of "Value Theory", Adam Smith with the concept of "Natural Equilibrium Theory", David Ricardo with the concept of "Comparative Advantage Theory", Thomas Robert Malthus with the concept of "Capital

\*Corresponding author: **Jasman Saripuddin Hasibuan**

Economic Faculty, University of Muhammadiyah Sumatera Utara, Medan, North Sumatera, Indonesia

Accumulation Theory ", Schumpeter with the concept of "Circular Flow Theory ", WW Rostow with the concept of "Linear Stages Model". Karl Marx with the concept of "Stage of Economic Development", Horold - Domar with the concept of "Saving and Investment Model", Albert Herischman with the concept of "Big Push or Balanced Growth", W. Arthur Lewis with the concept of "Dual Sector Model", Robert Morten Solow And Trevor W. Swan with the concept of "Exogenous Growth Model", and others. Not necessarily in accordance with the conditions to the present, even contrary to moral values and religion.

So the solution in facing the problematic in achieving economic growth in a balanced way is to explore the various concepts of growth that emphasize balance and justice for all mankind in all parts of the world. The concept of economic growth in Islam can serve as a solution to some of the failures facing the world in spurring the country's economic growth. Emphasis of moral values, brotherhood and balance of life orientation between worldly and *ukhrawi* can be used as a basic model in spurring economic growth that is just.

### **Pros Cons of Islamic Economic Growth**

Islamic scholars see that economic growth can be done by emphasizing the concept of justice of the distribution of income and wealth for every individual in all generations (Ahmad, 1981). The Qardhawi (1998) leads to the realization of a better life (*al-hayat at-taiyibah*). Al-Shaybani (1986) and al-Jawzi (Islahi, 1982) concluded that economic growth should be able to contribute even on a small scale. Ibn Taymiah (1983) views growth as something of value. Khaldun (1967) argues, economic growth should appreciate the value of work done to the contribution of human work done.

Various literatures on economic growth in the concept of Islam are still limited in the scope of universities. So reference references in studying the concept of economic growth always refer to the literature of western economist thought. If this continues, it is likely that the problem in trying to solve the concept of economic growth that is relevant and realistic, especially for Muslims to achieve prosperity will not be realized comprehensively.

Research on Islamic economics has basically grown significantly. Along with the shifting mainstream of economic scientists to study the economy within the framework of Islam. The study of Islamic economics in general has been widely practiced, but specifically in the study of economic growth in Islam is still limited to be found in scientific literature. But the desire and motivation of Islamic scholars in developing the concept of Islamic economic growth has begun to emerge with a variety of scientific studies. The economic growth applied today is often defined within the framework of the quantitative value, measured through the Gross National Product and Gross Domestic Product (BPS, 2014, World Bank, 2015), per capita increase, the increase in production capacity of goods and services.

Various studies on Islamic economics, especially economic growth within the framework of Islam has emerged since the holding of the First International Conference on Islamic Economics in Makkah-Saudi Arabia in 1976. Various scientists from various countries present their various studies on Islamic

economics from various aspects. In the growth aspect and Islam can be found from various research results conducted by various Islamic scholars. Classical and modern Islamic scholars offer an alternative to the concept of economic growth by emphasizing equity in the fulfillment of spiritual needs and physical needs (Ahmad, *et al*, 2013). The realization of the applied economic growth will achieve the principle of social and economic justice in society in general, so that the welfare of both individuals and society can be achieved, if the administrative, commitment and management factors can be continuously improved (Shaikh, 2014).

But not a few Islamic and Western scientists criticize the development of Islamic economic concepts, such as Al-Sadr (1982) argued that economics will never be in line with Islam, because between them can not be unified, because it has a philosophy that contradicts each other. Hence attaching Islamic labels to the economy including Islamic economic growth is something wrong. This is because Islamic economics is a duplication of the modern economy that attempts to apply to Muslim society (Kahf, 2003). Kuran (1995) argues that Islamic economics appears to have political and cultural aims in anticipation of western culture by demonstrating a forced Islamic identity. Nienhaus (2010) says Islamic economics is the result of a combination of secular economic theory with a model of teaching philosophy and Islamic law.

### **The Concept of Equal Economic Growth by Islam**

Various thoughts on the concept of economic growth have been expressed by various classical and contemporary Islamic scholars such as Al-Ghazali in his book *Ihya Ulum al-Din* with the concept of utility hierarchy that is *Daruriyat*, *Hajiyat*, and *Tahsiniyat*. Ibn Taymiyya (1967) in his book *Al-Siyasah al-Shar'iyah fi Islah al-Ra'i wa'l-Ra'iyah* with the concept of *al-Ma li al-Mursalah* (public interest) that enjoins good and prevents evil. Ibn Khaldun (1967) in his book *Muqaddimah* with the concept of Al-Imamah is the achievement of benefit for all people. Abu Yusuf (1979) in his book *Al-Kharaj* with the concept of public finance optimization, as well as various other Islamic scholars, which generally emphasize the concept of economic growth on the basis of Islamic values are just.

The basic purpose of economic growth in the Islamic view is to provide long-term benefits. The aspect to be considered in economic growth is the improvement of people's welfare, especially the improvement of living standard for the poor. Then the achievement of economic growth must be accompanied by equity. In this equity is emphasized on the aspect of wealth. So Islam advocates an even distribution of income through the concept of distribution. Distribution of wealth in a fair and equitable will avoid the concentration of wealth on the one hand. So that the economic system can run in a sustainable (continuous) that impact on the achievement of a just and prosperous society in the framework of life *kaffah* (born and spiritual or physical and spiritual)

The word '*adl*' is the *mashdar* form of the verb '*adala* - *ya'dilu* - '*adlan* - *wa' udulan* - *wa' adalatan* whose main meaning is '*al-istiw*' (straight state) and '*al-i'wijâj*' (deviant state). In giving a definition of justice, various Islamic scholars point out from various aspects, Al-Baidhawi (1939) gives the meaning of justice as *al-inshaf wa al-sawiyayyat* "i.e. putting the position in the middle and equating. Al-Ashfahani (1961) states that the

word 'adl means' gives the same division. Al-Maraghi (1974) gives the word 'adl by' effectively conveying rights to their owners'. The sense of justice in the Qur'an refers to the Word of God in An Nahl verse 90: *Verily Allah has commanded (you) to do justly and do good, give unto the kinsmen, and Allah forbid from the abominations, munkings and enmities. He teaches you to take lessons. (Q.S. An Nahl (16): 90).*

According to Jacob (1984) the concept of justice basically consists of two parts: first, fair in the aspect of self. Where a person interacts in doing the right thing by defending or favoring someone who really has the right to a celebration, or giving the right to someone else that really is. Second, fair in the aspect of society and government, an action by state institutions in giving sanction and law to someone according to the level of mistake that done in accordance with the values of Islamic teachings, but instead justice is not achieved at the time of injustice by applying punishment to someone who is not Is what they do. The Word of God in al-Maidah verse 8: *Those who believe are so that those who always establish (righteousness) for Allah, bear witness justly. And let not your hatred of any people, encourage you to be unfair. Be fair, because fair is closer to piety. And fear Allah, Lo! Allah is well acquainted with what ye do. (Q.S. Al-Maa'idah (5): 8).*

Even more specifically Ibn Taymiyya (1967) explores in depth the concept of justice as giving something to every member of society in accordance with his right to be obtained without being asked; Neither impartial nor impartial to either party; Know the rights and obligations, understand what is right and what is wrong, act honestly and still according to the rules that have been determined. Justice is a basic humanitarian value and a pillar for various aspects of life, individual, family, and society.

Efforts to achieve justice in the distribution of income and wealth can not be separated from the basic Islamic economics itself who views that economic growth in the view of Islam always emphasizes the occurrence of equity in achieving public welfare. So Islam provides a solution of efforts to achieve equity through the implementation of a sense of economic justice derived from the achievement of economic growth itself. The basic framework of the business to achieve it is by the mechanism of distributing wealth and income fairly. The distribution in the view of Islam is much more broadly, which includes arranging the ownership of elements of production and sources of wealth. So Islam allows general ownership and special ownership, and places it for each of the two rules of obtaining it and using it, and the rules for inheritance, grants and wills.

The concept of Islam guarantees a distribution that contains human values, among others by encouraging to share the wealth through *sadaqah*, *infaq*, alms and other to maintain harmony in social life, this is in accordance with the word of Allah SWT in sura al-Baqarah Verse 261: *The parable of those who spend their wealth in the way of Allah is like a seed that grows seven ears, in every grain of a hundred seeds. God multiplies (rewards) for whom He will. And Allah is All-knowing (His grace) knowing.*

The above verse provides a specific explanation that economic growth can be achieved when one's possessions are utilized in social activities / virtues related to the religion of Allah (SWT)

both commanded and forbidden. Implementation of the distribution of wealth / property in accordance with Islam will give a positive impact, namely ensuring the fulfillment of basic needs of the entire community, balance in the income of the community in a broad sense in accordance with the contribution of work activities undertaken, and reduce inequality income and wealth among individuals comprehensively.

The verse about the distribution of the just income has been raised by Allah SWT in his word al-Hashr verse 7: ..... *so that the treasure should not circulate among the Rich people alone among you ..... (QS Al Hasyr (59): 7).* Furthermore, *And on their possessions there is a right to the poor who ask and the poor who are not partakers. (Q.S. Adz-Dzariyaat (51): 19).*

The concept of Islam guarantees a distribution of income, of course, gives a picture of the trustworthiness of wealth given by Allah SWT to some capable people. So when the distribution of income and wealth done, this is certainly a form of implementation in delivering the mandate of Allah SWT to be given to the rightful. Because the realization of justice is to implement the right for every creature of God in fulfilling his needs. In the basic framework of justice is a recognition and equal treatment between rights and obligations. Justice can also mean an act that is not partial or impartial to one party, giving something to the person according to the right to be gained. To act fairly means knowing the rights and duties, understanding what is right and wrong, acting truthfully and appropriately under established rules and laws and not acting arbitrarily.

Justice basically lies in the balance or harmony between the prosecution of rights and the fulfillment of obligations. Ethically, human beings are expected to demand not just rights and to forget or not to perform their obligations at all. The attitude and actions of a human who merely claim his rights without performing his duties will lead to extortion or enslavement to others. So Islam provides a basic principle of justice that should be used as a foundation in implementing a balance in the distribution of wealth and income. The principle of justice that can reduce an imbalance in income and wealth is put forward by Ibn Khaldun (1967) by emphasizing the principles of brotherhood and social equity, life security, property security, The award of human life, honesty in the fulfillment of social obligations (honesty in, economic and politic), reward and punishment in accordance with the act (reward and punishment in balance activity).

Al Ghazali applies the principle of justice in the framework of social welfare that is implemented by emphasizing the utility hierarchy. Al Ghazali provides stages in achieving justice in the economy from the impact of economic growth through the fulfillment of needs (*dharuriyat*) often implemented in the forms of primary needs (clothing, food and boards, etc.), pleasure (*hajiyyat*) implemented in forms of secondary pleasure (equipment Households, transportation, health and education facilities etc.) and luxury (*tahsiniyat*) are implemented in tertiary luxury forms (jewelry, social status, luxury equipment, etc.).

In the view of Ibn Taymiyya (1967) on the principle of justice often refers to the theory of *as-siyâsah asy-syar'iyyah* (political law) within the framework of *maslahah* (public interest) or

specifically called *al-Ma li al-Mursalah* which prioritizes the benefits enjoyed in general and avoid the aspects of harm that cause destruction. So Ibn Taymiyyah explicitly gave an argument that economic growth should contribute to the improvement of the welfare of society in the broad sense of both worldly and *ukhrawi* or spiritual and physical by avoiding the occurrence of damage to all aspects of life of society and the surrounding environment.

Yusuf (1979) put forward the principle of justice through the optimization of public finances with the aim of realizing economic growth and the welfare of society. The process of economic growth according to Yusuf (1979) should prioritize on infrastructure development that can be felt by society. Of course this development is done from the process of collecting taxes. However, taxes levied should contribute positively to the public good (public). Thus tax collection through *muqasamah* (proportional tax) is more effective than *wazifah / misahah* (fixed tax) system. Because the use of *muqasamah* will provide stimulus for taxpayers in increasing their obligations in tax payments due to increased profit activity of business activities undertaken. So its influence increases the state's income with the ultimate goal of *al-mashlahah al-'ammah* (common good). Based on the principles presented by the above scholars of Islam, shows that fundamentally, the achievement of economic growth in achieving justice is not only oriented towards the increase of people's welfare in the material aspect, but further Islam collaborate with the fulfillment of non-material aspects in the broad sense that is emphasized on Religious values. Therefore the concept of economic growth in Islam is fundamentally the concept of western economic growth (capitalism, socialist and communist).

This difference can be seen from the orientation in the achievement of growth is an increase in Gross Domestic Product by using indicators of an increase or decrease in GDP (Gross Domestic Product) and per capita. But Islam certainly sees from the whole aspect not only on the occurrence of economic growth, but how the growth reaches a comprehensive equality in people's lives. So when economic growth occurs must be accompanied by economic equity. For the purpose of economic growth is essentially social and economic change for all activities of society, such as improving the lives of the poor, widespread employment opportunities, the establishment of social and religious facilities, and improvement of moral and moral society as a whole. Thus, between growth and equity is an inseparable part of the orientation of economic growth in the framework of Islam. The realization of growth and equity in achieving economic growth from an Islamic perspective will indirectly contribute positively to the creation of a social and economic justice for all walks of life based on a sense of brotherhood (*ukhuwah*), mutual love (*mahabbah*), cooperation (*takaful*) Please help (*ta'awun*).

## CONLUSSION AND RECOMMENDATION

Economic growth is often synonymous with economic development as the production of goods and services increases. Even more specifically the increase in the national income per capita of society on the one hand and the increase in domestic real income of gross domestic product. In Islam economic growth is often harmonized on the economic equation where

there is no gap between rich and poor with a fundamental orientation in the creation of justice distribution of income.

In the process of wealth distribution can be fairly implemented by optimizing the function *baitul maal* or through the distribution of *zakat, infaq, shadaqah, waqaf*, grants, inheritance, *qurban* and as. Through the process of distribution of wealth will be able to stimulate various economic activities both in the level of individuals in society and country in a broader aspect.

Economic growth coupled with equity is certainly a central point in the Islamic economic system. Because economic growth without accompanied by equity will not have a positive impact on the welfare of society at large. Because the basic purpose of economic growth is to reduce the number of poor people so that there is an increase in the welfare of their lives towards the better. Therefore Islam offers several concepts of economic growth proposed by Islamic scholars among Al-Ghazali with the concept of the utility hierarchy of *Daruriyat, Hajiyat, and Tahsiniyat*, Ibn Taymiyyah with the concept of *al-Ma li al-Mursalah* (public interest), Ibn Khaldun with the concept of Al-Imamah and Abu Yusuf concept of optimizing public finances.

Both classical and contemporary Islamic scholars have analyzed various thoughts on the concept of economic growth. But the problem that arises is the exploration of the thinking put forward Islamic scholars often experience obstacles in understanding and living the essence of a science put forward. This is due to limitations in reference sources and limited language mastery. For that we need a new breakthrough in easing the thinking of Islamic scholars, especially the classical scholars who have written thousands of books, especially in the economic field from the political, legal, social and cultural aspects. Through continuous translation and socialization through various disseminated research results, even used as a form of textbook for understanding the wider community, especially academic people in understanding and knowing about the various thoughts of Islamic scholars.

## References

- Ahmad, Khursid, (1981), *Economic development in an Islamic framework*. Leicester: The Islamic Foundation.
- Ahmad, Khursid.(1997). *Pembangunan Ekonomi Dalam Perspektif Islam, Dalam Etika Ekonomi Politik*, Risalah Gusti: Jakarta.
- Ahmad, Nisar, Kausar Abbas Bhatti, Muhammad Usman Arshad (2013), *Economic Growth and Human Development in Islam*, *Al-Qalam Journal*.
- Al Ghazali, Abu Hamid. (tt) *Ihya 'Ulum al-Din*, Juz 2, Beirut: Dar al-nadwah.
- Al-Asfahani, Raghil (1961). *al-Mufradat fi Gharib al-Qur'an*, Mishr: Musthafa al-Bab al-Halabi.
- Al-Baidhawi, Nashr al-Din Abu al-Khair 'Abdullah bin 'Umar. (1939), *Anwar al-Tanzil wa Asrar al-Ta'wil*, Juz I, Mesir: Mushthafa al-Bab al-Halabi.
- Al-Maraghi, Ahmad Mustafa (1974). *Tafsir al-Maraghi*, Jilid V, Daar al-Fikr.
- Al-Sadr, Muhammad Baqir, (1994), *Iqtisaduna (Our Economics)*, Teheran: Worlds Organization for Islamic Services.

- Al-Shaybani, Muhammad (1996). *al-Ahkam al-Sultaniyyah* (the Ordinances of Government, Tr. By Wahba, H. Wafa and published by Garnet publishing Ltd. Reading, U.K.
- BPS (2015). *Statistik Indonesia - Statistical Yearbook of Indonesia 2014*, Jakarta: BPS-Indonesia.
- Ibn Khaldun, (1967), *The Muqaddimah: An Introduction to History*, Tr. English, Franz Rosenthal, London: Routledge and Kegan Paul Ltd.
- Ibn Taymiyah, (1983), *Public duties in Islam: the institution of hisbah*, (tr) Muhtar Holland, Islamic Foundation.
- Ibn Taymiyyah, Taqi al-Din Ahmad, (1967). *Al-Siyasah al-Shar'iyah fi Islah al-Ra'i wa'l-Ra'iyyah*, 2nd edn. Cairo: Dar al-Kitab al-'Arabi.
- Islahi, Abdul Azim. (1982). *Economic Thought of Ibn al-Qayyim (1292-1350)*. International Centre for Research in Islamic Economics, King Abdulaziz University, Jeddah, Saudi Arabia.
- Kahf, Monzer, (2003), Islamic Economics: Notes on Definition and Methodology, *Review of Islamic Economics*, No. 13, pp. 23-47.
- Kuran, Timur, (1995), Islamic Economics and Islamic Subeconomy, *Journal of Economics Perspectives*, Vol. 9, p. 160-163.
- Nienhaus, Volker (2010). Fundamentals of an Islamic Economic System compared to the Social Market Economy: A Systematic Overview. *Kas International Reports*. 11.
- Qardhawi, Yusuf, (1998), *Economy and Wealth in Islam*, (tr) Samir al Tagy, Cairo: Islamic Inc Publishing & Distribution.
- Shaikh, Salman Ahmed (2014). Islam and Human Development. *Divine Economics Conference* (Forthcoming), Vol. 1, No. 1.
- World Bank (2015). *World Bank East Asia and Pacific Economic Update*. Washington: International Bank for Reconstruction and Development.
- Yusuf, Ibrahim. (1981). *Istiratijiyatu wa Tiknik al-Tanmiyah al-Iqtisodiyah fi al-Islam*, Kairo: al-Ittihad al-Dauli li al-Bunuk al-Islamiyah.
- Yusuf, Abu (1979), *Taxation in Islam: Abu Yusuf Kitab al-Kharaj*, (tr) A. Ben Shemesh, Leiden: E.J. Brill.

**How to cite this article:**

Jasman Saripuddin Hasibuan.2017, New Paradigm Concept of Economic Growth in Islamic Perspective. *Int J Recent Sci Res.* 8(4), pp. 16457-16461. DOI: <http://dx.doi.org/10.24327/ijrsr.2017.0804.0152>

\*\*\*\*\*