

REVIVING ECONOMIC THOUGHT BY MANNAN PERSPECTIVE

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Abstract:

*The reviving of modern economic theory is usually stated starting from the publication of Adam Smith's *The Wealth of Nations*, in 1776, although other thinkers who first also gave no small contribution. The main idea put forward by Adam Smith is that competition between various suppliers of goods and buyers will produce the best possibilities in the distribution of goods and services because it will encourage everyone to do the specialization and increase in capital so that it will produce more value with a permanent workforce. From the Islamic perspective, there are several names that commonly known such, Baqir, Umar Chapra, and Mannan. The purpose of this research is to explore the revival economic thought by Abdul Mannan. This research adapts content analysis method, which is a researcher conducts a discussion of the contents of written or edition information in the mass media. The data analysis techniques of this scientific work use literature study techniques, comparative, induction, and deduction. The study began by collecting literature data from Muhammad Abdul Mannan's *Concept of Thinking about the Development of Modern Era Islamic economics and Modern Era Islamic Economic concepts in general*, (researchers only participated in the discussion). Then proceed with the interpretation that researchers try to understand Muhammad Abdul Mannan's thoughts about the *Development of Islamic Economics in the Modern Era*. The result of this research indicates that the revival of Islamic*

thought by determining basic economic functions that simply cover three functions, namely consumption, production and distribution. Those basics are rooted by Five basic principles rooted in Shariah for basic economic functions in the form of consumption functions are the principles of righteousness, cleanliness, moderation, benefit and morality

Keyword: *Abdul Mannan, Economic Thought, Revival, Islamic Economics*

Introduction

The economic crisis that occurred at that time had developed into a complex and complex crisis that sometimes led to pessimism about the economic triumph of Indonesia in the future. At present Indonesia is in transition, which for some time has not been imagined that the transition will take place. Although initially this crisis was only a contagion of the effects of the depreciation of the Thai bath currency against the US dollar in 1997, it was due to Indonesia's fragile economic fundamentals. The presentation of the Indonesian economy which was initially quite good turned into negative, many observers of the Indonesian economy said that Indonesia's economic development is the same as fundamentals that are not strong. In addition, observers also said that the Indonesian economy was not supported by resilient domestic resources, but because it was supported by foreign investment, even short-term, which at any time they could get out of Indonesia. National development has also been built with passive foreign debt, which has made it hard for the Indonesian economy to recover.

The condition of the Indonesian economy as mentioned above, has caused various complex social problems, for example the emergence of high unemployment rates, increased poverty

rates, low productivity and quality of labor, and the decline of small and medium enterprises which are the foundation of the people. In addition, the development of the world economy currently leads to global economic activities that move from one country to another freely, resulting in uncertainty in access to world economic markets. Such perenonian world conditions bring a tendency to increase bilateral and multilateral agreements between countries as economic actors in the international world, which in turn has an impact on the emergence of new laws in each country.

Indonesian economists have given their opinions on the best solutions to solve various problems related to the improvement of the Indonesian economy, there are those advocating for increased economic cooperation with the international world, especially with countries that are members of ASEAN. This needs to be carried out in order to harmonize economic development with the economic development of ASEAN countries that are full of competition. The economy is a milestone in the advancement of a nation. The state can only be considered advanced if the welfare of the people is truly fulfilled. If seen in plain sight, a country's economy is said to be advanced when there are no more beggars, unemployment and crimes with economic factors¹.

Realizing a developed country in the economic field is not easy. Certain countries do not have to really be able to implement which economic system is used. However, in economics there is no stability in his development. In the west theories about the economic system even kill each other, the intention of killing here is the emergence of a new theory capable of rejecting the old

¹ Muhamad Abdul Mannan, *Aspek hukum dalam Penyelenggaraan Investasi di Pasar Modal Syariah Indonesia*, Edisi Pertama (Edition 1; Jakarta: Kencana, 2009), page 2-3.

theory which is then no longer used. If the west happens like that in his theory because there is no definite basic guideline. Islam as a religion also provides an alternative so that the Islamic economic system emerges. Economics in Islam, although undergoing change, will not be separated from the Qur'an and the Sunnah

Many Islamic thinkers express their opinions on economics in Islam, one of which is Muhammad Abdul Mannan. According to Abdul Mannan "Islamic economics is a science which studies people's economic problems based on the basic norms and values of Islam." This concept is possible for only a few people who understand. It is necessary to study who Muhammad Abdul Mannan is and how he thinks about Islamic economics².

So many of his thoughts about Islamic economics, especially those related to contemporary economic issues. The author believes that the thoughts of this important figure are numerous and always develop as the problems that arise in the current modern economic system. For this reason, the writer will examine some of Muhammad Adbul Mannan's economic thinking in the Islamic economic bombing³.

Therefore, to answer the problems related to the above, the authors conducted a study with the aim to find out more clearly about the development of Islamic economics with the title: Muhammad Abdul Mannan's Thinking About the Development of Islamic Economics in the Modern Era.

Methodolgy

²Muhammad Abdul Mannan, *Teori dan Praktek ekonomi Islam*, Ter. (Yogyakarta: Dana Bhakti Whakaf, 1997), page 29.

³Asdar Yusuf, "Paradigma Kontemporer Ekonomi Islam (Mupage Abdul Mannan versus Syed Nawab Haedir Naqvi)" (Graduated Thesis; Universitas Muhammadiyah: Makassar, 2014), page 25

Analyzing and describing Abdul Mannan's thoughts about the Development of Islamic Economics in the Modern Era, the writer uses content analysis method, which is a researcher conducts a discussion of the contents of written or edition information in the mass media. The data analysis techniques of this scientific work use literature study techniques, comparative, induction, and deduction. The study began by collecting literature data from Muhammad Abdul Mannan's Concept of Thinking about the Development of Modern Era Islamic economics and Modern Era Islamic Economic concepts in general, (researchers only participated in the discussion). Then proceed with the interpretation that researchers try to understand Muhammad Abdul Mannan's thoughts about the Development of Islamic Economics in the Modern Era and also see the Development of Islamic Economy in the research location.

Economic Thought Revival

The development of modern economic theory is usually stated starting from the publication of Adam Smith's *The Wealth of Nations*, in 1776, although other thinkers who first also gave no small contribution. The main idea put forward by Adam Smith is that competition between various suppliers of goods and buyers will produce the best possibilities in the distribution of goods and services because it will encourage everyone to do the specialization and increase in capital so that it will produce more value with a permanent workforce. Adam Smith believes that a large system will regulate itself by carrying out the activities of each part of its own without having to get certain direction. Adam Smith was one of the figures in the Classical Economics era with main contributors John Stuart Mill and David Ricard. John Stuart Mill, in the early 19th years, focused on the "wealth" which he

specifically defined in relation to the exchange rate of objects or what is now called price. The mid-18th century showed an increase in industrial capitalism, giving the possibility for extensive capital accumulation under the trade and investment phase in production machinery. Industrial capitalism, noted by Karl Marx starting from the fork in the late 18th century, adequate development and finally establishes the global domination of the capitalism mode of production.

In the 19th century, Karl Marx combined various schools of thought including the social distribution of resources, encompassing Adam Smith's work, as well as socialism and egalitarianism, using a systematic approach to logic drawn from the Islamic economic system.⁴

Discourse on the application of Islamic economics in daily economic activities began in Indonesia in the 1970s, but the main milestone in the development of Islamic economics was the establishment of one of the Islamic banks in 1992. The development of Islamic economics is a manifestation of efforts to translate Islam as a mercy lil ,, alamin, Islam has universal values that are able to enter into every aspect of human life, not only spiritual aspects, but also in worldly aspects, including economic activities of society.

The Islamic economy that has developed at this time both the level of theory and practice is a tangible manifestation of the effort to operationalize Islam as rahmatan lil 'alamin, through a long process and will continue to develop in accordance with the times. The development of Islamic economic theory had begun

⁴M. Nur Rianto Al Arif, dan Dr. Euis Amalia, *Teori MikroEkonomi* "Suatu Perbandingan Ekonomi Islam dan Ekonomi Konvensional", page 5.

during the time of the Messenger of Allah with the descent of the verses of the Qur'an relating to Islamic economics.⁵

Islamic economics is built on the basis of the Islamic religion, hence it is an inseparable part (integral) of the Islamic religion. Part of the derivation of Islam, Islamic economics will follow Islam in various aspects. Islam is a system of life, where Islam has provided a comprehensive set of rules for human life, including in the economic field. Muhammad Abdul Manan said that Islamic economics is a social science that studies the economic problems of society inspired by values Islam. In explaining this definition, Muhammad Abdul Mannan explained that Islamic economics does not only study social individuals but also human beings with their own religious talents. This is due to the many needs and lack of facilities, so there arises economic problems, both modern economics and Islamic economics. The difference is only in making choices, in Islamic economics, choice is controlled by the basic values of Islam, whereas in modern economics it is dominated by self or individual interests. What makes Islamic economics different from others is that an integrated one-way exchange and transfer system influences the allocation of resource shortages that makes the process of direct exchange relevant with the welfare of all mankind. Islamic Economics covers a fairly broad field of economics as discussed in modern economics. Islamic Economics not only discusses aspects of human behavior related to how to get money and how to spend it, but also discusses all aspects of the economy that lead to the welfare of the people. Therefore, the concept of well-being developed through sharia economics must be in line with Islamic principles that are still considered valid throughout the ages.

⁵ *Ibid*

Some Islamic economists talk about Islamic economics, always dealing with two main issues, whether Islamic economics is a system or an independent science. Some of them say that Islamic economics is a system because it is a complex and interconnected whole. In connection with this, Muhammad Abdul Mannan said that, the two things were not disputed, because both are true. If Islamic economics is mentioned as a system, because it is part of a complete life order. In the concept of Islamic economics, there are monetary concepts, physical policies, production, distribution, and so on. In addition, he has four tangible parts of knowledge namely revealed knowledge, Sunnah, ijtihad, and ijma 'of the scholars who can be used to solve all the problems of life.⁶

Economic Revival by Abdul Mannan

Biography

Muhammad Abdul Mannan was born in Bangladesh in 1938. After receiving his Masters in Economics from Rasjshahi University in 1960, he worked in various government economic offices in Pakistan. In 1970, he moved to the United States of America and there he enrolled at Michigan State University for the MA (Economics) program. In 1973 he graduated from the same university doctoral program, in the fields of interest in several fields of economics such as Educational Economics, Development Economics, Industrial Relations and Development. His disclosure of the Western economy, especially the mainstream economy, is evidence that he uses the mainstream approach in his understanding of Islamic economics.

⁶ Muhammad Abdul Mannan, *Hukum Ekonomi Syariah* “Dalam Perespektif Kewenangan Peradilan Agama” (Jakarta: Kencana Prenada Media Group, 2012), page 29.

After obtaining his doctorate, Muhammad Abdul Mannan taught in Papua New Guinea and in 1978 he was appointed as Professor at the International Center for Research in Islamic Economics in Jeddah (now renamed the Center for Research in Islamic Economics).

During this period, he also acted as Visiting Professor at the Muslim Institute, London, and Georgetown University, Amarika United. Subsequently he joined the Islamic Development Bank, Jeddah, in 1984 and has since become a Senior Economist there. During his 30-year career, Muhammad Abdul Mannan has played an enormous role in a large number of educational and economic organizations. In 1970, he published his first general book, namely *Islamic Economics, Theort and Practice*. This book is seen by most Muslims. The book received international recognition and was published 12 times, revised in 1986, and has been translated into Arabic, Turkish, Bengkali, and Malaysian (and Indonesian, pent.). For his contribution to the development of the Islamic economy, Muhammad Abdul Mannan was awarded the Highest Academic Award of Pakistan in 1974, for Muhammad Abdul Mannan, equivalent to the Pulitzer Prize. In 1970, Islamic economics was in its formative stages, developing from statements about general economic principles in Islam, to a more thorough description of the framework and other special features of Islamic economics. It must be noted that at that time there was not a single university that taught Islamic economics as it is now, namely an era when *fiqh mu'alat* (business law) was still seen as Islamic economics.

Over time, Islamic economics has developed both in terms of its depth and scope, marked by the many books written by people who teach this Islamic economics at the university level.

This prompted Muhammad Abdul Mannan to publish two more books in 1984, namely *The Making of the Islamic Economic Society* and *The Frontiers of Islamic Economics*, according to Muhammad Abdul Mannan, which contributed to the development analyzed as part of our study of contemporary Islamic economic thought.⁷

Characteristics of Muhammad Abdul Mannan's Thoughts

The characteristics of Islamic economic thought Muhammad Abdul Mannan reflect its uniqueness, and from its uniqueness as well as its advantages compared to other economies. The advantages can be stated in several ways. First, his views and thoughts are comprehensive and integrative regarding the theory and practice of Islamic economics, presenting a whole picture and not just fragments. He sees the Islamic economic system in its proper perspective. In this case, it fulfills a great need and serves as an antibody against some of the diseases of satisfaction that afflict Muslim circles. It not only repeats the statement of the position of Islam, and finance in an authentic, comprehensive and appropriate way, but also identifies gaps in some of the prevailing approaches. It is also a timely warning to partial approaches. Muhammad Abdul Mannan's emphasis on structural change, on the need to clean the economic life of all forms of exploitation and injustice and on the interdependence of various elements within the scope of Islamic life, is not only an appropriate reminder, but also serves as a strong agenda for future reform and reconstruction Muslims in managing the Islamic economic system⁸

⁷Mohamed Aslam Hancep, *Pemikiran Eknomi Islam Kontemporer*, Ter. Suherman Rosyidi, Ed. I (Edition I ; Jakarta : RajaGrafindo, 2010), page 15-17.

⁸*Ibid*

The second characteristic of his thinking is the integration of theory with the practice of Islamic economics. Muhammad Abdul Mannan very well developed a telling argument in revolving the concept of an inclusive Islamic economic problem in Islam. From here it seems that he has succeeded in demonstrating with academic accuracy not only goodness, but also the superiority of the Islamic economic system. He not only looked back critically at Islamic economics, money and Islamic banking in force, but also made original suggestions to improve it and enable it to achieve Islamic goals more effectively.

Third, the characteristics of his ideas and thoughts have raised the level of debate about the Islamic economy, goods and services in Islam and analyzed in detail some of the main consequences, by a critical evaluation of some new ideas that developed during the new decade, by presenting new insights and relevant policy advice. His evaluation of some of the proposals from the Bangladesh Islamic Ideology Council report has enriched the debate. His views on production, the micro and macroeconomic framework, fiscal policy and the Budget in Islam are based on a broad and accurate understanding.

Reviving Economic Thought by Abdul Manna Approach

Muhammad Abdul Mannan As a scientist, he developed an Islamic economy based on several sources of law, namely: the Qur'an, the Sunnah of the Prophet, Ijtihad or Qiyas. From the sources of Islamic law above he formulated operational steps to develop Islamic economics viz:

Determine basic economic functions that generally exist in all systems without regard to the ideology used, such as consumption, production and distribution functions.

1. Establish some basic principles that govern basic economic functions based on sharia and timeless, for example moderation in consumption.
2. Identify operational methods in the form of conceptualization or formulation, because at this stage the development of Islamic economic theories and disciplines begins to be built. At this stage start describing what, functions, behaviors, variables and so on.
3. Determine the exact amount of goods and services needed to achieve the goal (ie moderation) at the individual or aggregate level.
4. Implement the policy set out in step four. This step is done either by exchanging through the price mechanism or transfer payments.
5. Evaluate pre-set goals or target how to maximize prosperity in the entire framework set in the second step or in the two terms of return, namely economic and non-economic returns, making positive and normative considerations become relatively no different or not important.
6. Compare the implementation of the policy set in step with the achievement obtained (perceived achievement). At this stage it is necessary to review the principles set out in the second step and reconstruct the concepts carried out in the third, fourth and fifth stages.⁹

Some Muslim economics also try to maintain the difference between positive and normative science, so in that way they build an analysis of Islamic economics in a western frame of mind. Whereas other economics says simply that Islamic economics is a normative science. In Islamic economics, the positive and

⁹Veithzal Rivai dan Andi Buchari, *Islamic Economics*, Ed. I (Edition II; Jakarta: Bumi Askara, 2013), page 382

normative aspects of Islamic economics are interrelated and separating these two aspects will be misleading and be counter productive.¹⁰

The first step in developing Islamic economics is to determine basic economic functions that simply cover three functions, namely consumption, production and distribution. Five basic principles rooted in Shariah for basic economic functions in the form of consumption functions are the principles of righteousness, cleanliness, moderation, benefit and morality. A person's consumption behavior is influenced by his own needs which in general human needs consist of necessities, comforts and luxuries. Rare in Developing an Islamic Economy that Simply Includes Three Functions, namely:

1. Consumption

Islam does not recognize materialistic tendencies solely from modern consumption patterns. Muhammad Abdul Mannan saw the concept of consumption patterns in Islam is to reduce the excess of artificial physiological desires with the aim of freeing human energy for spiritual purposes. That the Islamic economy is related to the production and distribution and consumption of service goods within the framework of the Islamic community in which the Islamic way of life is fully established. Islamic Economics is a study of economic problems that have a belief in the values of the basic teachings of Islam to regulate Islamic life namely homo Islamicus¹¹.

¹⁰Mohamed Aslam Haneep, *Pemikiran Ekonomi Islam Kontemporer*, Ter. Suherman Rosyidi, Ed. I (Edition I ; Jakarta : RajaGrafindo, 2010), page .

¹¹Muhammad Abdul Mannan, *Teori dan Praktek ekonomi Islam*, Ter. (Yogyakarta: Dana Bhakti Whakaf, 1997), page 33.

Thus, the main task of Islamic economics is to analyze the factors that influence the origin of supply and demand so that it is possible to change them towards a more equitable distribution. The stages offered by Muhammad Abdul Mannan are quite concrete and realistic. He departs from his view that in looking at Islamic economics there is no dichotomy between normative and positive aspects. This assumption is echoed by some Muslim economists who also try to maintain the difference between positive and normative science in order to develop an analysis of Islamic economics in a western framework. While other economists such as Taleghani and Sadr represent legal experts (Shi'ah) in the field of Islamic economics, simply that Islamic economics is a normative science. In Islamic economics, positive and normative aspects of Islamic economics are interrelated. Separating these two aspects will be misleading and be counter productive. In developing Islamic economics, it is rare or a decision to be made is to determine basic economic functions which simply include three functions, namely consumption, production and distribution.¹²

2. Production

Muhammad Abdul Mannan saw production as the creation of utility. In order to be seen as a utility, and thus improve economic welfare, the goods and services produced must only be permitted and profitable (ie halal and good) according to Islam. For him, "the Islamic concept of welfare contains an increase in income, which is obtained from an increase in the production of good goods, through the use of resources (human and material) to the maximum or through the participation of the maximum population in the production process". The emphasis on quality, quantity, maximization and participation in the production process

¹² *Ibid*

makes the firm have different functions in the economic system. Firms are no longer seen only as suppliers of commodities but also as joint custodians (ie with the government) for economic and community welfare.

In the Islamic economic system, production is carried out both to be used and to be exchanged, and thus means to integrate traditional and market economies. This dual goal, according to Muhammad Abdul Mannan, becomes the boundary between market mechanisms and the inevitable matters of the command economy, as well as all theoretical issues related to the two objectives. A production surplus is needed in the Islamic economy to realize the right supply for present and future generations. The production process according to Muhammad Abdul Mannan is a cooperative effort between community members to produce goods and services for their economic welfare. The value of brotherhood, if applied to the economic environment, will give birth to an environment of cooperation, not competition, wider distribution or 'socialization of production facilities', not further concentration or exploitation of natural (and human) resources. In making technical decisions efficiency, as understood in the neoclassical framework, will no longer take its place. Instead, attention will be devoted halfway between productive efficiency and justice. As stated earlier, Muhammad Abdul Mannan's definition of efficiency contains considerations of justice. Goods will not be produced by considering effective demand, but 'effective needs', that is, needs that are defined according to Islamic norms and values¹³.

¹³Amiruddin, M. M. (2019). SYAIBANI ECONOMIC THOUGHT ON AL-KASB. *Rausyan Fikr: Jurnal Studi Ilmu Ushuluddin dan Filsafat*, 15(1), 85-111.

Muhammad Abdul Mannan agreed with the classical and physiocrat economists regarding the existence of natural laws that are independent, but can be explored by reason, such as the law of diminishing returns. However, he discards the physiocrat's view of productivity, including in his analysis, the division of neoclassical production factors as mentioned earlier. It must also be noted that he opposes the complete socialization of the means of production as in socialism, because that in his view would conflict with human rights.

Finally, Muhammad Abdul Mannan talked about production as a social process. In this social process. Once again he calmed the critical need for distribution to determine production decisions, unlike the neoclassical approach which views the two separately. Just as when he introduced the concept of effective needs to replace effective demand, he put the theory of 'supply based on potential capacity' in his opinion, would accommodate the provision of basic needs to all members of the community, especially the poor. Here, producers not only react to market prices but also on national planning to meet basic human needs without regard to market demand. He agreed with the idea of division of labor and specialization to produce efficiently and fairly, but constantly stressed the need for the production process. Regarding this, one can only guess its meaning as a labor-employer relationship, and the application of Islamic moral / ethical values in the production process.¹⁴

3. Distribution

Muhammad Abdul Mannan considers that "the pragmatic and reality involvement of Islam for the poor is so sincere that the

¹⁴Mohamed Aslam Haneep, *Pemikiran Ekonomi Islam Kontemporer*, Ter. Suherman Rosyidi, Ed. I (Edition I ; Jakarta : RajaGrafindo, 2010), page 30-31.

distribution of income is the center of the revolving pattern of production organization within an Islamic State". He added that "distributive considerations must influence the priority of the production of goods and services, and thus also make indicators of production.

Muhammad Abdul Mannan saw himself different from other Islamic economics because he declared distribution as a fundamental basis for the allocation of resources. The emphasis on this distribution is seen in his work. Muhammad Abdul Mannan said the distribution of wealth depends on the ownership of people who are not uniform. Here, "absolute justice requires that rewards should also be different, and that as people have more than others, that is only natural, as long as human justice is upheld by the principle of equal opportunity for all people. So, a person can still have a surplus of income as long as he has fulfilled all his obligations. Therefore, inequality is legitimate, and according to Muhammad Abdul Mannan's rule of justice absolutely caused by different donations. But this is also the unity, especially the extremes which are the main concern of the Islamic economy. Muhamman Abdul Mannan further stated that "in an Islamic economy, the core of the problem lies not in the price offered, but in the unequal distribution of income. That is the most important thing in Islamic economics. distribution problems in the neoclassical economy, according to Muhammad Abdul Mannan.

Having said so much about the importance of distribution and the need for setting guidelines on 'who owns what' one would expect that he would discuss these topics. Unfortunately, he does not discuss resource ownership except regarding land for which we must return to his earlier works. According to Muhammad Abdul Mannan, in general land can be owned through one's work. But

because Muhammad Abdul Mannan recognized ownership by neo-cultivators, the owner was also allowed to rent or produce various crops, even though he agreed with the latter. Monzer Khaf rebuked several Islamic economists who tried to undermine the role of capital goods in production justifies the prohibition of interest. For him, land, labor, and capital all play a role in production and must be understood in the context of the Islamic view of the 'claims of ownership' and of the division of products among the factors of production. In this case, he agrees with, and cites Monzer Khaf's opinion on the 'constant principle of ownership' which states that the original factor of production can maintain ownership, while on the other hand there is a necessity to pay a 'fair' reward for other factors of production (an example given to illustrate this original factor of production is the 'owner' of the land who studies others to work on his land¹⁵

So far analyzing Muhammad Abdul Mannan's views, people suspect that he supports the economy. But he seems to counter this by stating that the creation of a capitalistic class can threaten Islamic ethics. Muhammad Abdul Mannan pointed out "that Islam does not recognize the exploitation of workers with capital, nor does Islam approve of the abolition of the capitalist class". The only way to reconcile is to remember that Muhammad Abdul Mannan's methodology is eclectic, and that means taking all the good sides of the two systems. Five fundamental principles rooted in sharia for basic economic functions in the form of consumption functions are the principles of righteousness, cleanliness, moderation, benefit and morality. A person's consumption behavior is influenced by his own needs which in general human needs consist of necessities, comforts and luxuries. The five fundamental

¹⁵ *Ibid*

principles mentioned must be a concern and basis for determining Islamic economic development, namely:

- a. Principles of justice (seeking halal fortune and not prohibited by law).
- b. Principle of Cleanliness (good, suitable to eat, not dirty or not disgusting).
- c. The Principle of Simplicity (not to exaggerate, as needed).
- d. The Principle of Generosity (coercion, *Mutthor* which is not excessive for survival. In the word of Allah QS al-Baqarah / 2: 172 "Truly Allah only forbids you carcasses, blood, pork, and animals which (when slaughtered) is called (name) other than Allah but whoever is in a state of compulsion (eat it) while he does not want it and does not exceed the limits, then there is no sin for him. Indeed, Allah is Forgiving, Most Merciful. '
- e. Principle of Morality (moral behavior in communicating). In general, human needs are classified in three ways: needs, pleasure, and luxury goods. The production and consumption of luxury goods without a plan for the distribution of wealth and income will not solve economic problems.¹⁶

The key to understand consumer behavior in Islam lies not only by knowing things that are forbidden, but also by being aware of the moderate concepts in consumption that are guided by behaviors that prioritize the interests of others, namely a Muslim consumer. Economic activity, the consumption aspect is always closely related to the production aspect in relation to the production aspect, Muhammad Abdul Mannan stated that the

¹⁶Abu Yusuf Khiyar, *Landasan Pengembangan Ekonomi Islam* (Edition IV; Jakarta: Erlangga, 2000), page 37.

production system in the state (Islam) must be based on objective and subjective criteria. Objective criteria can be measured in the form of material well-being, while subjective criteria are closely related to how economic welfare can be achieved based on Islamic sharia. So, in the economic system welfare is not solely determined based on material alone, but also must be oriented to Islamic ethics.

Among the most important aspects of the economy is production, some writers of Islamic economics have discussed and focused their attention on this issue. When looking at the production system in a capitalist economy, it does not pay attention to balance and fairness, both in terms of workers' wages or even in obtaining benefits that do not consider the concept of mutual benefit or justice in the economy.

Therefore, as explained, there is no narration in the Sunnah of the Holy Prophet that limits the benefits so that it is not allowed to take advantage of it. On the contrary, it is narrated that the hadiths which stipulate that trade profits may double in certain conditions, or even more than that. The thing that needs to be observed here is that all the events do not contain elements of fraud, manipulation, monopoly, exploiting the buyer's innocence, ignorance, the condition is being squeezed or in need, then the price is raised.

On the other hand, all these events do not describe the general rules of measuring profits. In fact the attitude of providing convenience, courtesy and satisfaction with the meager benefits is more in accordance with the instructions of the scholars of the Salaf and Shari'ah.

Muhammad Abdul Mannan argues that in determining profits or price levels there are also no restrictions but what needs to be considered is to think about the interests of others, with the provision not to think about yourself that might cause companies to make goods and services that do not allow companies to increase profits and sales. The company must also be satisfied with a profit value even though he can still add to his profit due to excessive demand to meet the public interest.

The Islamic production system in economic welfare is used in a broader way. The concept of Islamic economic welfare consists of increased income caused by increased production of good goods only, through the use of resources (human or material) to the maximum or through participation of the maximum population in the production process. Thus the improvement of the production system in Islam not only means an increase in income, which can be measured in terms of money, but also an improvement in maximizing the fulfillment of our needs with maximum effort but still paying attention to the guidance of the Islamic commandments on consumption. Therefore, in an Islamic State an increase in production volume alone will not guarantee the maximum welfare of the people. The quality of the goods produced which is subject to the orders of the Qur'an and Sunnah, must also be taken into account in determining the nature of economic welfare. Likewise we must take into account the unfortunate consequences that will occur in relation to the economic development of prohibited food and beverage materials by Islamic shari'ah.⁶⁴ A Muslim businessman should produce halal goods which are not prohibited in the Qur'an. an and Hadith and which does not cause much harm to users or consumers. In summary, the production system in the Islamic State must be controlled by both objective and subjective aspects, objective aspects that will be

reflected in the form of welfare that can be measured in terms of money, such as the means used, the natural resources processed, and the work devoted in production activities. and subjective criteria in the form of welfare that can be measured in terms of economic ethics based on the commandments of the Holy Qur'an and Sunnah, which consists of objectives to be achieved through production activities and evaluation of production activities in accordance with the Qur'an. late and Sunnah.¹⁷

Conclusion

Based on the description of the development of Islamic economics, especially about production in economic activities according to Muhammad Abdul Mannan, the author takes a few extracts as a conclusion and the researcher's description is as follows:

1. The production system in an Islamic State must be controlled by both objective and subjective aspects, objective aspects which will be reflected in terms of welfare that can be measured in terms of money, such as the means used, the processed natural wealth, and the work devoted to production activities and subjective criteria in the form of welfare that can be measured in terms of economic ethics based on the commandments of the Holy Qur'an and Sunnah, which consists of objectives to be achieved through production activities and evaluation of production activities in accordance with the Qur'an. late and Sunnah. The first process of developing Islamic economics is determining basic economic foctions which include three functions, namely consumption, production and

¹⁷Abu Yusuf Khiyar, *Landasan Pengembangan Ekonomi Islam* (Edition IV; Jakarta: Erlangga, 2000), page 37.

distribution. Muhammad Abdul Mannan's opinion about production in the Islamic economic system is in line with economic principles that require an economic system that is in accordance with the Qur'an and Sunnah.

2. The production process according to Muhammad Abdul Mannan is a cooperative effort between community members to produce goods and services for their welfare. Togetherness of community members if applied in an economic environment will produce an environment of cooperation and expansion of production facilities, not concentration and exploitation of resources and other factors of production.

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