

THE CONCEPT OF ISLAMIC ECONOMICS IN THE SCHOOL OF BAQIR AL-SHADR: INTRODUCTION

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ABSTRACT

This study aims to analyze the Islamic economic thought of Baqir Al-Shadr, with a particular focus on the distinction between conventional economics and Islamic economics, as well as his concepts of ownership, wealth distribution, production, and consumption. Employing a qualitative approach through a structured literature review, the research examines Baqir Al-Shadr's seminal works, Iqtishaduna and Falsafatuna, alongside relevant secondary literature on Islamic economics. The findings reveal that Baqir Al-Shadr firmly differentiates Islamic economics from conventional economics by grounding it in moral, ethical, and social justice principles derived from Islamic teachings. He advocates for a balanced system where the state plays an active role in ensuring equitable wealth distribution and production that prioritizes public welfare. Furthermore, his views on ownership emphasize limited private rights and promote the management of resources for collective benefit. These insights contribute to the theoretical development of Islamic economics and highlight its potential as a viable alternative for establishing a more just and sustainable global economic order.

Keywords: *Islamic Economics, Baqir Al-Shadr, Ownership*

A. INTRODUCTION

Islamic economics as an economic system based on Islamic sharia principles continues to grow along with the increasing awareness of Muslims around the world to separate economic activity from the capitalist system that prioritizes material gain alone (Karim, 2004). As a response to the social inequality caused by the conventional economic system, Islamic economics offers an alternative solution that is more just and socially equitable. In this context, Muhammad Baqir Al-Shadr's thoughts on Islamic economics are very important to analyze, given his great contribution in formulating the basic principles of Islamic economics that are relevant to the challenges of the times (Ichsan et al., 2021).

This topic is important because the economic problems faced by society today, such as income inequality, exploitation of natural resources, and environmental crises, are largely triggered by the capitalist economic system that dominates many countries. This system, which prioritizes the accumulation of capital by a few people or groups, often ignores the fair distribution and welfare of the entire society. This has led to glaring social injustices in many countries, both developing and developed (Yusuf, 2024).

According to Baqir Al-Shadr, the capitalist economic system cannot overcome social problems thoroughly because of its basic principles that prioritize profit and profit without regard to social welfare. As an alternative, Baqir Al-Shadr introduced the concept of *iqtishad* which focuses more on social justice and balance, and emphasizes the importance of the state's role in regulating the economy for the benefit of the entire

community, not just a handful of parties (Yusuf,2024) . Therefore, this thought is very relevant to be studied in order to find solutions to the problem of social inequality that is increasingly growing in the world today.

In addition, Baqir Al-Shadr's thoughts on Islamic economics can also help understand the relationship between religion and economics in Muslim societies. The concept of *iqtishad* promoted by Baqir Al-Shadr is an attempt to integrate the principles of Islam in every aspect of life, including in the economic field. This is different from the secular view that separates religion from everyday life, including in terms of economic management (Saleh, 2021) . Therefore, it is important to examine more deeply about how Islamic economics can be applied in this increasingly complex modern context.

In the context of expanding economic globalization, the Islamic economic system offers an alternative perspective that can serve as a model for countries with large Muslim populations. In this regard, Baqir Al-Shadr's thoughts on an economic system based on social justice and fair distribution can be used as a guideline in formulating more inclusive and sustainable economic policies (Yusuf, 2024) . With the opening of the global market, the application of fair Islamic economic principles can be a solution to the inequality generated by an uncontrolled free market.

The importance of this research also lies in the potential of Baqir Al-Shadr's thought in addressing the economic problems faced by countries with capitalist economic systems, such as economic instability and financial crises. By focusing on the principles of justice, equitable distribution, and wise management of natural resources, Islamic economics can be a middle way to reduce the negative impact of the global economic crisis that often involves social injustice and exploitation (Saleh, 2021) .

In addition, this study is also important to dig deeper into how the role of the state in Islamic economics can help create social welfare. Baqir Al-Shadr emphasizes that the state has the responsibility to ensure social and economic balance through policies that support the fair distribution of wealth (Daud, 1988) . In this case, the state not only functions as a regulator, but also as a protector of the welfare of its people, by prioritizing the values of social justice contained in Islamic teachings (Saleh, 2021).

In addition, it is important to study how Baqir Al-Shadr's theories on ownership in Islamic economics can provide a solution to the problem of natural resource management, which is often a source of social conflict and inequality. Baqir Al-Shadr divides ownership into several types, such as private, public and state ownership, with each type of ownership having different objectives in supporting social welfare. A deeper understanding of this can provide new insights into a more equitable and sustainable management of natural resources (Yusuf, 2024).

Baqir Al-Shadr's thinking can also contribute to formulating economic policies that pay attention to basic human needs, not just focus on the accumulation of profits. In this context, Islamic economics provides a more holistic view, where the main goal of economics is to achieve the welfare of mankind, both in this world and the hereafter. Therefore, this study is important to dig deeper into how the principles of Islamic

economics can be applied to create a more balanced and fair economic system for the entire community (Shadr, 2022).

Finally, this research is highly relevant to understanding the challenges faced by Muslims in implementing Islamic economics in their daily lives. Although many Muslim-majority countries have tried to integrate Islamic economic principles in their policies, major challenges remain, such as resistance to change, lack of understanding of Islamic economics, and limitations in supportive economic infrastructure (Saleh, 2021). Therefore, Baqir Al-Shadr's thoughts on Islamic economics provide very useful guidance in dealing with these challenges.

B. METHOD

This research uses a qualitative approach with a *literature review* method to explore Islamic economic thought developed by Baqir Al-Shadr. The literature review is carried out by analyzing various relevant sources, both primary ones such as Baqir Al-Shadr's works, namely *Falsafatuna* and *Iqtishaduna*, as well as secondary sources in the form of scientific articles, books, and previous studies that discuss Baqir Al-Shadr's thoughts in the context of Islamic economics. This approach allows the author to gain a deep understanding of the economic theories put forward by Baqir Al-Shadr, as well as how these theories can be applied in economic practice in the modern world. In addition, this literature review also aims to understand the relevance of Baqir Al-Shadr's thoughts to contemporary economic issues, including social inequality, economic injustice, and natural resource management. This literature review method is also based on a comparative analysis between Baqir Al-Shadr's thought and other schools of economic thought, especially capitalism and socialism.

With this approach, the research aims to explore the differences and similarities between Baqir Al-Shadr's thought and the dominant economic theories in the global economic system. Data collected from various literature sources will be analyzed in depth to illustrate the contribution of Baqir Al-Shadr's thought in building a more just and sustainable Islamic economic system. The research will also consider the historical and social context in which Baqir Al-Shadr developed his ideas, as well as how these ideas can be applied in the modern world which is increasingly facing major economic and social challenges.

C. RESULTS AND DISCUSSION

This research found that Baqir Al-Shadr's thoughts on Islamic economics are very prominent in several aspects, including the separation of conventional economics from Islamic economics, as well as the development of theories of ownership, distribution, production, and consumption based on Islamic principles. The following are the main findings.

Separation of Economics and Islamic Economics

The main finding found in this research is Baqir Al-Shadr's thought that firmly separates conventional economics and Islamic economics. According to Baqir Al-Shadr, economics is a scientific study that focuses on economic phenomena, such as market

mechanisms, supply and demand, without considering the moral or ethical values underlying economic activity. In contrast, Islamic economics is a doctrine that regulates the economic life of Muslims based on the principles of sharia, which focuses not only on technical aspects, but also on morality, justice, and social welfare (Wazin, 2013) . Therefore, Baqir Al-Shadr emphasized that although economic science can be scientific and objective, Islamic economics prioritizes values derived from the Qur'an and Hadith that provide moral and ethical guidance in managing economic activities (Daulay, 2019) . This study also found that Baqir Al-Shadr argues that neglecting the moral dimension in conventional economics can lead to social injustice and economic inequality.

In Baqir Al-Shadr's thinking, the separation between economics and Islamic economics is very important because he considers that the application of an economic system based solely on the principles of value-free conventional economics, such as capitalism or socialism, cannot guarantee social justice. The success of the Islamic economy, according to Baqir Al-Shadr, lies in how it is implemented in accordance with Islamic law and ethics, which include social responsibility, equitable distribution of wealth, and avoidance of exploitation or usury. This broadens the understanding that Islamic economics is not just about market mechanisms or achieving efficiency, but also about achieving the welfare of the people based on the principles of justice and morality. This separation also reminds us that while economic science can be used to explain economic phenomena technically, it is only by integrating economic theory with Islamic ethics that a just and sustainable economic system can be realized (Daud, 1988) .

Concept of Ownership and Distribution

The next finding is Baqir Al-Shadr's thoughts on a more complex concept of ownership and wealth distribution based on the principle of social justice. Baqir Al-Shadr divides ownership in Islamic economics into several categories: private ownership, state ownership, public ownership, and joint ownership. In his view, private ownership is not absolute, but limited and must be used for purposes that benefit society. Private ownership only includes the right to use and enjoy goods or property, but should not lead to inequality or harm to others. For example, he suggests that land or abundant natural resources should belong to the state or public for the benefit of the people, rather than being monopolized by certain individuals or groups. This aims to ensure that natural resources are used for the common good and not for the benefit of individuals or a few people who can cause social injustice. ("Polemics over Personal Data Ownership Regulations: Urgency for Harmonization and Legal Reform in Indonesia," 2018) .

In addition, Baqir Al-Shadr emphasized the importance of fair distribution of wealth to create equitable social welfare. He criticized the capitalist system that allows the accumulation of wealth in the hands of a few, while the majority of society lives in poverty. In his view, unfair distribution not only causes social instability, but also contradicts Islamic principles that emphasize justice and equitable distribution of wealth. Therefore, the state has a very important role in regulating the distribution of wealth in order to achieve social balance. This study also found that Baqir Al-Shadr argues that a fair distribution policy should include the equitable distribution of natural

wealth, the implementation of zakat, as well as the management of public assets that benefit the entire community. This shows that the concept of Islamic economics according to Baqir Al-Shadr is very concerned about the social and moral aspects of economic management, which is different from the conventional economic approach that prioritizes efficiency and profit alone.

Production and Consumption Theory

In terms of production theory, Baqir Al-Shadr divides production into two very important aspects: the objective aspect and the subjective aspect. The objective aspect focuses on the technical side of production, such as the use of labor, capital, technology, and management of natural resources. Production must be efficient in terms of cost and output, but Baqir Al-Shadr reminds us that the main purpose of production in Islamic economics is to meet the needs of society, not to maximize profits. On the other hand, the subjective aspect of production includes moral and ethical considerations regarding for whom goods are produced and with what purpose. In Baqir Al-Shadr's view, production by individuals or the state should consider the interests of society as a whole and not just for personal gain. This means that the state must regulate production to ensure that all sectors of production function in the social interest and do not harm certain individuals or groups. Thus, the theory of production according to Baqir Al-Shadr not only looks at technical or efficiency factors, but also at the social and moral goals of the production process itself (Adriantantri & Julia, 2022).

In terms of consumption, Baqir Al-Shadr proposed that consumption in Islamic economics should be based on the principle of needs, not wants. This is against the pattern of excessive consumption or consumption that only aims to satisfy lust or social status. He argues that excessive consumption can cause social and environmental damage, and exacerbate social inequality. Responsible consumption, according to Baqir Al-Shadr, is consumption that is based on legitimate needs according to Islamic law, and is neither excessive nor wasteful of resources. This research shows that Baqir Al-Shadr's consumption theory seeks to change people's consumption patterns by basing it on Islamic ethics, which encourages people to live more simply and avoid waste. This is in line with the concept of simplicity in Islam which emphasizes living within reasonable limits and avoiding destructive hedonistic lifestyles. Thus, Baqir Al-Shadr's consumption theory integrates the technical aspects of economics and the moral values offered by Islam.

Discussion

The separation made by Baqir Al-Shadr between conventional economics and Islamic economics further clarifies the position of Islamic economics as a system separate from the secularism of economic science. As stated by Yusuf (2024), Baqir Al-Shadr's thinking is in line with criticism of conventional economics which often ignores moral values. In this study, it was found that the separation initiated by Baqir Al-Shadr aims to show that Islamic economics has a deeper value framework that not only explains economic phenomena, but also provides moral guidance in its management. This supports the previous opinion that Islamic economics must be understood as a doctrine

that covers all aspects of life, and not just a descriptive science. This separation also opens up space for the formulation of economic policies that are more oriented towards social justice and sustainability, not solely on efficiency and profit (Diniarsa & Batu, 2023).

In terms of the concept of ownership and distribution, this research confirms that Baqir Al-Shadr places social justice as the main goal of the Islamic economic system. This thinking corroborates what is explained by (Saleh, 2021), which emphasizes the importance of equitable distribution of wealth to reduce social inequality. The concept of ownership proposed by Baqir Al-Shadr is very relevant to the principles of Islamic economics which prioritizes the use of wealth for the welfare of the people, not for personal accumulation. This research also shows that Baqir Al-Shadr emphasizes the importance of the state in regulating and managing natural resources and public assets in order to achieve social welfare. This thinking expands our understanding of how the Islamic economic system can serve to reduce economic inequality, which was previously often overlooked in conventional economic theory.

The results of this study show that Baqir Al-Shadr does not only look at production from the technical side, but also from the moral and ethical side. This approach suggests that production in Islamic economics should be geared towards creating social value, not only to produce goods and services, but also to ensure that the production process provides extensive benefits to society. As mentioned by Yusuf (2024), Baqir Al-Shadr prioritizes the principle of justice in every aspect of the economy, including in production and consumption. In terms of consumption, Baqir Al-Shadr criticized excessive consumption that does not reflect Islamic values. These findings provide important insights in understanding how Islamic economics can be applied to reduce waste and injustice in consumption, which is in line with the value of simplicity in Islamic teachings.

D. CONCLUSION

This research shows that Baqir Al-Shadr's thoughts on Islamic economics offer a more just and balanced approach compared to conventional economic systems such as capitalism and socialism. By separating economic science from Islamic economics as a moral and normative doctrine, Baqir Al-Shadr proposes an economic system that prioritizes social justice, the welfare of the people, and the active role of the state in regulating the distribution of wealth. The important concepts put forward, such as multi-level ownership (private, public, and state) and fair distribution, provide a foundation for the establishment of an economic system that is not only efficient, but also oriented towards social justice and balance. Furthermore, the results of this study also show the relevance of Baqir Al-Shadr's thinking in addressing the problems of social and economic inequality faced by many countries, whether Muslim-majority or not. Although the challenges of implementing this thinking in the real world remain, especially in relation to dominant political and economic interests, the principles of Islamic economics proposed by Baqir Al-Shadr remain an important reference in formulating more sustainable and inclusive economic policies.

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