

DOI: <https://doi.org/10.38035/dijefa.v5i1>

Received: 29 February 2024, Revised: 25 March 2024, Publish: 31 March 2024

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A Philosophical Overview of the Government's Role in the Development and Development of the Sharia Economy

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Abstract: This study aims to conduct a philosophical review of the role of government in the development and development of the shariah economy. In the context of the shariah economy, the role of the government is considered important in regulating and encouraging the growth of the economic sector based on the principles of shariah. This research will explore the philosophy behind government intervention in facilitating the development of the shariah economy, as well as its implications for society and economic development as a whole. Using a philosophical approach, this research will analyze the moral, ethical and philosophical aspects underlying the government's role in supporting the shariah economy, as well as how it integrates the values of justice, sustainability and social welfare in sustainable economic development. This research is expected to provide a deeper understanding of the essence and urgency of the government's role in the development of the shariah economy, as well as its contribution to creating a just, sustainable and prosperous society based on the principles of shariah.

Keywords: Role of Government, Shari'ah Economy, Economic Development

INTRODUCTION

Welfare is the goal of all countries, in this case the state is tasked with ensuring the needs and improving the quality of life of the community in its role as one of the main economic actors. Economic development is a system of potential resource governance in which the state and other economic actors cooperate in improving the economy whose ultimate goal is to create a prosperous society, protect the rights of every citizen and grow an equitable economy. The state in this economic governance framework has an important role to ensure the opening of opportunities for its citizens towards a decent life by utilizing existing resources. Various systems can be run in the economy, both capitalist, socialist and other alternative economic systems such as Shariah economics.

Before the birth of Shariah economics, the world economy was dominated by two major economic systems, capitalism and socialism. Both have contrasting views on state or

government intervention in the economy. Capitalism views that the market mechanism will run and find its own solution in determining economic stability without the role of the state or in the doctrine of capitalism known as the invisible hand. Although the capitalist economy is able to quickly improve the country's economy, on the other hand, it has a negative impact because repeated economic cycles can lead to the concentration of wealth in only some people and create socio-economic disparities at the national and international levels (Nurhayati & Wibowo, 2011).

Meanwhile, socialist economics sees that state assets and resources owned by the state must be mobilized from top to bottom (top down), which in this case can only be carried out with the full right of power and authority in the hands of the government as the main axis in advancing the country's economy. This full mobilization system causes several problems that arise, extortion of workers, low purchasing power due to limited market mechanisms that are fully controlled by the state (Itang & Daenuri, 2017).

The crisis caused by the two economic systems is considered to have reached a dead end, meaning that efforts are needed to find alternative economic ideas that are relevant to the current situation. In this effort, several alternative economic systems emerged that were formed from religious and cultural values, including the Islamic economy that developed in Islamic countries including Indonesia. Islamic economic values have existed since the first arrival of Islam in Indonesia because Islam was first spread by traders. However, the rise of Islamic economics in practice and modern institutions was only formed in 1992 with the establishment of Bank Muamalat Indonesia (Fitria, 2016).

The economy of a country cannot be separated from the economic paradigm of development, where aspects that include in it are not only related to the economy, but also look at political, social and cultural aspects. In general, the indicators used in seeing the success of a country's development are infrastructure development and economic growth. Because it is a measurement, the economy can be called a measure of welfare on a material and physical level. This can be seen from the early development where economic development was assessed by the level of economic growth (GDP Growth) and income per capita (GDP Percapita). Over time, this indicator received a lot of criticism for making countries only focus on increasing GDP without being accompanied by preventing unequal income distribution problems. So a new indicator that is often used today is the Human Development Index (HDI) which looks at economic development not only material but also education and health. Until now, the size of development indicators has continued to evolve so that it can be concluded that income per capita income is not directly proportional to the increase in happiness value, which in Richard Easterlin's term is called the Easterlin Paradox (Mahri, 2021).

The development of the sharia economy at this time is inseparable from the role of the government which considers that the sharia economy is also able to become an alternative economic system to achieve welfare goals. Moreover, the welfare in the shariah economy in addition to having economic aspects, also contained theological and spiritual aspects. The material and spiritual aspects of human life are the two main aspects according to Islamic teachings. Meanwhile, the economy is related to these two aspects, which can be seen when the economy acts as a life support as well as a form of carrying out religious orders (Ayub, 2009). Islamic economics provides a clear line in the difference in paradigms, indicators and perspectives with conventional economics. Islamic economics gives freedom to every economic action, as long as it is in line with Islamic teachings and does not conflict with the Al-Quran and Hadith which are the central reference in Islam.

In the Islamic economy, economic action is carried out in a balanced manner, freeing individual economic activities so that economic independence and progress are formed from the lowest order regulated by the government so that economic distortions can be prevented

and regulate the availability of public goods (public goods) to support the country's economy. Islamic values and principles can be harmonized and become a reference in the role of government in the economy, especially regarding the ideal of shariah (maqashid al-syari'ah). The development of sharia economy in Indonesia is not only limited to the role of the state in the policy of sharia financial institutions alone, but also the development of thought with many laboratories of sharia economy, research from various community organizations and the opening of sharia economic education spread in various state and private universities.

The purpose of this paper is to look at the philosophical aspects of the government's role in the growth and development of Islamic economics by limiting two points of issue. First, a philosophical review of the role of government in economic development in the frame of shariah. Second, the work program launched by the government in sharia economic development.

METHOD

The research method used in this study is an in-depth philosophical analysis method. The research adopts a qualitative approach that focuses on an in-depth understanding of the philosophical concepts and theories underlying the government's role in the development and growth of the shariah economy. Data was collected through a meticulous literature study, gathering information from various sources of philosophical texts, shariah economic literature, and expert views in this field. The research places emphasis on in-depth theoretical analysis of key concepts in shariah economics, such as justice, sustainability and shariah values, and examines how the government can apply these concepts in economic policy and practice. With this approach, this research aims to provide an in-depth understanding of the philosophical implications of the government's role in the development of the shariah economy and its impact on society and economic development as a whole.

RESULTS AND DISCUSSION

The Role of Government in Shari'ah Economic Development

Remote Working is important to discuss considering the article of Law Number 13 of The government or state, in the context of community welfare, becomes the binding force in realizing a single force to prevent divisive conditions and avoid war situations (Hague & Harrop, 2004). The role of government is important in building communities because without government, human life becomes solitary, undeveloped and violent. Only if the government can resolve conflicts between communities can social, economic and cultural life develop with the goal of a modern welfare-state (Hobbes, 1968). Today's economy is increasingly complex so that the role of government is indispensable in the country's economy. Richard A. Musgrave (Musgrave, 1989), divides the role of government into four. First, the allocative role as a form of determining, distributing and planning the use of economic resources to increase production and improve the economy. The allocative role is closely related to the division of private goods and public goods, this public good is the object of study and implementation of the allocative role so that it can be used optimally.

Second, the role of distribution as a form of equitable distribution of economic resources, opportunities and results so that they can be utilized by all communities. This distribution role is carried out in the context of income distribution, tax distribution for subsidies and poverty and unemployment reduction.

Third, the role of stabilization as part of economic control so that economic problems on one side do not have an impact on the other side. Apart from being a controller, it also plays a role in economic recovery in the event of problems such as inflation so that the economy can be conducive.

Fourth, the role of coordination to move the economy forward, especially in sectors that are risky for the private sector such as opening new flight paths. Efforts to increase the capacity of human resources are central to the fulfillment of the country's economic movement process.

Development economics is a branch of economics that discusses economic activities in an effort to increase economic growth. In terms of terms, development is defined as a condition in which the results of economic efforts increase in aggregate. However, this understanding continues to change and develop according to where this development is carried out. This is because development economics is not fully based on the economic context but is also related to other sciences such as political economy, which each country has its own pattern (Mahri, 2021). Therefore, the study of development economics has a broad landscape and can be approached from various perspectives. One perspective that sees the economy from the other side is Islamic economics with a paradigm based on the Qur'an and hadith and principles in accordance with the teachings of Islamic sharia.

Economic development is often equated with economic growth, the former looking at economic improvement in terms of human quality while the latter is based on the quantity of variables used in improving the economy. Another difference is that development is carried out in improving the quality of products and the amount of production as well as the quality of human resources that carry out production. Meanwhile, the growth process is carried out only in increasing the amount of production without looking at who is doing the production and who is contributing. Several implications need to be considered in development and welfare improvement, including: (1) competency development in the context of capacity building for progress (2) fair development (3) economic empowerment so that independence emerges (4) sustainable development (Guspika, 2019).

Islamic economic thinkers generally see the important role of the state in the mission of upholding social and economic justice. In the Indonesian context, social justice gave birth to the idea of social welfare. In Islam, there is an axiological symbol regarding the state model in relation to the economy, namely the term *baladatul thoyyibatun wa rabbun ghofur*. *Thoyyibatun* in the modern context is defined as welfare, while *rabbun ghafur* is a safe state that avoids disasters, damage and all forms of injustice that are contrary to justice (Rahardjo, 2015). From this concept, the state or government needs good state management efforts in the form of state development. Development in the sharia economy has at least three directions of development, people oriented, *maslahah* oriented and *falah* oriented (Mahri, 2021).

1. People Oriented

The center of development is humans where humans act as both subjects and objects of development. The allocation of state expenditure for infrastructure is important, but the goal is for human welfare and dignity. Thus, good development is people-oriented. As in *maqashid al-syari'ah*, the five aspects lead to the goal of protecting and developing humanity. This is reinforced by the Qur'an letter *al-Qashash* verse 77:

وَابْتَغِ فِيمَا آتَاكَ اللَّهُ الدَّارَ الْآخِرَةَ وَلَا تَنْسَ نَصِيبَكَ مِنَ الدُّنْيَا وَأَحْسِنْ كَمَا أَحْسَنَ اللَّهُ إِلَيْكَ وَلَا تَبْغِ الْفُسَادَ فِي الْأَرْضِ إِنَّ اللَّهَ لَا يُحِبُّ الْمُفْسِدِينَ ٧٧

Meaning: "And, seek in what Allah has bestowed upon you (the reward) of the Hereafter, but do not forget your share in the world. Do good to others as Allah has done good to you and do not cause corruption on earth, for Allah does not like those who cause corruption" (Asad, 2007).

Economic development in Islam must be based on universal human ethics as a mirror of inner and outer prosperity and welfare. The dimensions of human development are not only material but also spiritual. This concept is also in line with the approach of

contemporary scientist, Amartya Sen, known as the Sen Capabilities Approach, which emphasizes development on improving human capabilities (Mahri, 2021).

Human quality development will determine the quality of economic development, where human quality development is not only physical but also spiritual development or protection of self and soul (hifdzu al-nafs) and human reason (hifdzu al-aql) in the concept of maqashid al-syariah. Humans place themselves as a unity of khalifah and 'abdun. Caliph is determined by creativity in managing the earth and its welfare, while 'abdun is how this creativity is based on good morals, responsible morals and high integrity.

2. Maslahah Oriented

After the direction of improving human quality, the direction of development is to ensure that development is beneficial to all people in a sustainable manner. From this development, it is expected that from the time the program is run until it is completed, it is aimed at general welfare and avoids processes and goals that cause damage (mudharat). Kemaslahatan is closely related to the Islamic value of al-'adl, which means that the placement or target of development must lead to equity and can be felt by all parties. Development that prioritizes maslahah must be closely related to the concept of barokah, a goodness that continues to grow and is sustainable. The Quran says in Surah al-A'raf verse 181:

وَمِمَّنْ خَلَقْنَا أُمَّةً يَهْدُونَ بِالْحَقِّ وَبِهِ يَعْدِلُونَ ١٨١

Meaning: "Among those We have created there is a people who guide with (the basis of) truth and with it (also) they are just (Asad, 2007)."

Justice is central to the cause of good, as it directs development towards preventing and restoring economic inequality and inequality. Although the value of GDP is high in aggregate, inequality is not a goal that is compatible with development in Islamic economics (Mahri, 2021).

State power must be upheld with the principles of justice so that equity in economic growth can be realized. One of the impacts of injustice is conflict between the community and the state, of course this should be avoided from the start and realize that justice will bring about benefits that occur simultaneously. If economic development is based on benefit, equity and protection of socio-economic rights can be upheld as a form of hifdzu al-mal in maqashid al-syari'ah.

3. Falah Oriented

Falah in the context of Islamic economics is a victory in the area of economic management and also victory in the ukhrawi area as a form of process of worship to Allah SWT. Falah directs and supports development with the principles of sustainable development and environment-friendly development. Sustainable development means that there are aspects of continuous goodness and environmental friendliness that make economic resources can be used more efficiently and do not cause damage to nature. Humans are given the intelligence to take on the role of creative subjects in the management of the earth, of course, by not doing it in a way that causes damage. As said in the Qur'an Surah Ar-Rum verse 41:

ظَهَرَ الْفَسَادُ فِي الْبَرِّ وَالْبَحْرِ بِمَا كَسَبَتْ أَيْدِي النَّاسِ لِيُذِيقَهُمْ بَعْضَ الَّذِي عَمِلُوا لَعَلَّهُمْ يَرْجِعُونَ ٤١

Meaning: "There is corruption on land and in the sea due to the deeds of men. (Allah has made them taste some of the consequences of their deeds so that they may return (to the right path))" (Asad, 2007).

There are two reasons why humans should not cause damage to the earth. The first reason why humans are prohibited from causing damage is because humans do not own the earth and its contents, humans are only managers. The second reason is because

humans eat and drink from nature, if they damage nature it means destroying their own lives (Asy'arie, 2010).

Human efforts in relation to nature are symbiotic mutualism where humans depend on nature and the benefits of nature can only be felt if it is managed properly. If reflected in maqashid al-syariah, Falah is oriented towards the protection of religion (hifdzu al-din) and the protection of offspring (hifdzu al-nashl) in future economic security by not doing damage.

Government Work Program and Strategic Plan in Sharia Economy

This section will discuss the role of the Indonesian government in a revolving economy within the framework of the Sustainable Development Goals (SDGs) and the Indonesian Sharia Economic Masterplan 2019-2024 published by the Ministry of National Development Planning/Bappenas and the National Committee for Sharia Finance (KNKS).

1 Sustainable Development Goals (SDGs)

Government efforts in allocating can be done by direct procurement of goods or expenditure. Expenditures need to be made such as the procurement of public facilities and infrastructure that are difficult to provide by the private sector so that the impact can be felt by the community at large. The Indonesian government is part of the countries that agreed to the Sustainable Development Goals (SDGs) program which was rolled out since 2015 by the United Nations. Within the framework, there are four pillars of development, social, economic, environmental and governance. In the economic pillar, the government is building resilient infrastructure with allocations for the construction of toll roads, railways, airports and strategic ports. From this program, it is expected to be able to encourage the production and distribution of goods to support equity and economic mobility (Bappenas, 2020). The government's role here is not only as an infrastructure provider, but also related to the provision of other resources to be utilized in the economy such as electricity and fuel.

Energy use is also an SDG goal of Affordable and Clean Energy and a pillar of economic development. Energy is central to the 2030 Agenda for Sustainable Development and the Paris Agreement on Climate Change. For this reason, the Indonesian government has launched a program to ensure access to affordable, reliable, sustainable and modern energy for all. By recording all the links between electricity use and the electrification ratio, it is hoped that the use of electricity can be enjoyed by all people because currently there are still several points that have not received access to electricity from the government, in this case PLN or the private sector. As in the NTB Province SDGs Annual Report 2021, although the electrification ratio is 98.8%, it is still found in several peripheral areas that have not received access to electricity (Bappeda NTB, 2021).

There are five of the seventeen SDGs goals that are the pillars of economic development, first, Affordable and Clean Energy which in Indonesia is targeted at equal access to electricity, household gas and renewable energy. Second, Decent Work and Economic Growth, contains targets for GDP growth rate, proportion of informal employment, entrepreneurship, creativity and innovation and encouraging micro and medium economies with access to financial services, increasing global resource efficiency in consumption and production, efforts to unlink economic growth and environmental pollution, providing decent work for out-of-school youth, eradicating forced labor, protecting workers' rights, and optimizing domestic financial institutions. Third, Industry Innovation and Infrastructure, contains infrastructure development, promotion of inclusive industrialization, improving access to finance for small companies, increasing the efficiency of using better resources and not polluting the environment, and strengthening scientific research related to industrial technologies. Fourth, Reduced Inequality, the

targets of this goal include achieving population income growth, increasing ecosocial inclusion, ensuring equal opportunities including the elimination of discriminatory policies, adopting social and fiscal protection policies, and improving regulation, market supervision and global financial institutions. Fifth, Partnership for the Goals as an effort to strengthen the means of implementation and improve global cooperation for sustainable development (Bappenas, 2020).

The SDGs program moves in many sectors, including in the sharia economy, from the program, the indicators lead to sharia goals such as renewable energy management as protection of state wealth and protection of offspring by providing healthy nature for the future. The provision of decent work opportunities is also aimed at equalizing a person's opportunity to work so that his life needs can be met as protection of the human self. This program is carried out at all levels of government, from the central and regional levels so that the role of other sectors or fields is needed to achieve the SDGs goals.

2 Indonesia's Sharia Economic Masterplan (MEKSI) 2019-2024

Economic development requires a good process from planning until the achievement of targets can be evaluated, in the development of development economics, there are changes in indicators and requests for achievement data in accordance with planning (Hasan, 2018). Certain and specific criteria in economic development efforts must be owned in every development plan. In Indonesia, the government has made a plan contained in the Sharia Economic Master Plan which will be implemented in the 2019-2024 period.

The Shariah Economic Masterplan, which was compiled by the Ministry of National Development Planning / National Development Planning Agency, is motivated by global challenges in the increasing demand for halal products. In a study conducted by the Ministry of PPN / Bappenas, the vision of MEKSI is to realize "an independent, prosperous and civilized Indonesia by becoming the world's leading center of sharia economy". Independent in the management of economic resources, prosperous without socio-economic inequality and civilized as a manifestation of shared values between communities are developed by having targets, indicators and strategies in achieving its goals which are composed of the MEKSI framework. The MEKSI framework was created by the National Committee for Sharia Finance at the direction of the President on February 5, 2018 with a focus on developing the real sector of the Islamic economy, namely the halal industry, which will support the movement of sharia finance (Deputy for Economics, 2018).

Figure 1.
MEXICO Framework 2019-2024

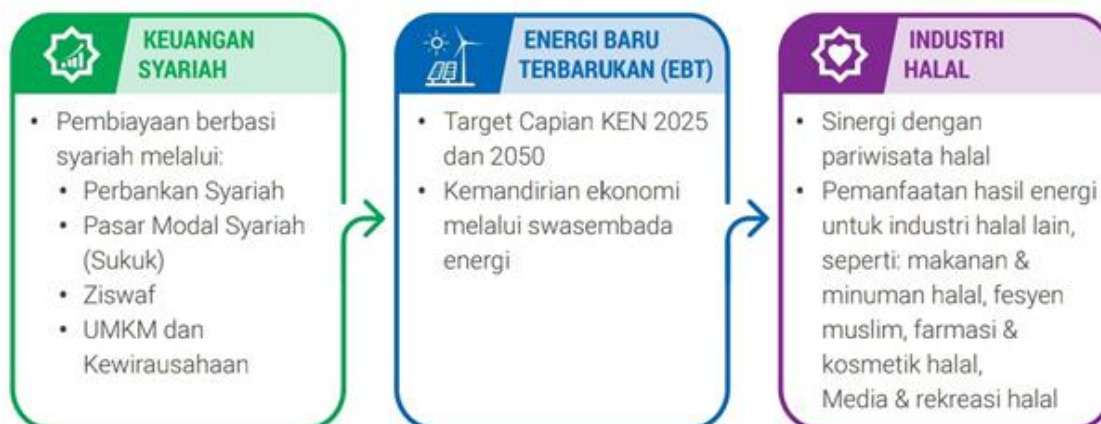


Source: Indonesia Sharia Economic Masterplan 2019-2024.

The MEKSI framework above shows the targets, indicators and strategies used in its five-year projection. MEKSI can be achieved with the participation of all levels, from the bottom supported by human capacity, research and regulations that regulate then implemented by the real economic sector and sharia financial institutions to achieve the targets set.

Timur Kuran, a Turkish economist, explained that the Islamic economy is based on the source of Islamic teachings, namely the Qur'an and sunnah. So in the Islamic economy, the perpetrators do not have to be Muslims, but anyone whose economic decisions and systems are based on Islamic teachings (Deputy for Economics, 2018). In the context of Indonesia, the value of justice and welfare in Islamic economics is universal and in line with the direction of national development, Pancasila and the adoption of sustainable development goals or SDGs. From here the sharia economy can contribute to sustainable development.

Figure 2.
Synergy of Renewable Energy with Halal Industry



Source: Indonesia Sharia Economic Masterplan 2019-2024.

The figure above explains the flow of synergy of the sharia economy through finance engaged in renewable energy financing with the results in the form of halal industries. Cooperation of various sectors is needed to achieve common goals such as in 2017, Rudy Mulyana as Director General of Renewable Energy and Conservation of the Ministry of Energy and Mineral Resources and Zainulbahar Noor as Deputy Commissioner of BAZNAS signed a symbolic handover of funds amounting to USD 350,000 as a form of BAZNAS support for SDGs in the Affordable and Clean Energy goal (Deputy for Economics, 2018). In addition to this assistance, the issuance of Green Sukuk by the government is also a form of contribution to the sharia economy in SDGs.

The development of the Halal Industry is also a very important part of the country's economic development framework. There is great potential in the Halal Industry in Indonesia, this is due to the large Muslim population in Indonesia. Some halal sectors that are very likely to be developed are halal food, halal tourism, Islamic finance and lifestyle (Fathoni & Syahputri, 2020).

The role of the government in the development of the sharia economy in terms of Islamic philosophy is intended for the ideals of maqashid al-syari'ah which leads to three orientations of the sharia economy, People Oriented, Maslahah Oriented and Falah Oriented, each of which is in line with aspects of maqashid al-syari'ah (hifdzu al-nafs, hifdzu al-'aql, hifdzu al-din, hifdzu al-nashl and hifdzu al-mal).

The government framework adopting the Sustainable Development Goals or SDGs accommodates Islamic economic activities broadly. In the Indonesian Sharia Economic Masterplan, the sharia economy contributes to the SDGs by synergizing sharia finance, renewable energy as one of the SDGs components and supporting the Halal Industry.

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