

Islamic Spirit and Morale in Economics

Mustafa Edwin NASUTION

Lecturer

Middle East and Islamic Studies

University of Indonesia

4th Salemba, Jakarta 10430

E-mail: mustafa_nas@yahoo.com

Abstract

This paper analyzes the correlation between ethics and economics in Islamic perspectives. It is mainly related to the assumption that Islamic teachings tend to hinder economic growth. Ethics that in Islam is known as akhlak is a unity that cannot be separated from Islamic teachings. Tauhid, Akhlak and Sharia are a unity that should be conducted by a servant of God (Allah) who has duties to serve Allah SWT. However, Islamic teachings order its believers to make every effort in conducting their lives in this world. Thus, his/her existence will benefit himself/herself, humankind and nature/environment. The importance of life in this world is also mentioned in “do'a sapujagat or universal prayers” that life in this world is as important as the life in the hereafter. Sharia, which is also appraised as an obstacle to economic growth, actually aims to reach a welfare (masalah) condition through giving a protection to five things as Faith, Life, Posterity, Reason (*'Aql*) and Property (*Mal*). Zakat (tithe) for example, although it is dedicated for serving Allah (God), protecting iman (faith), also functions to purify individual wealth, and has a large social impact on society, i.e. help poor people to have a comfortable life.

1. Introduction

There are many researches regarding the relationship between ethics and economics that have been conducted. Weber has compared how the influence of religions' teachings such as Hinduism, Buddhism, Catholic and Islam on the economic growth. In his book, *The Protestant Ethic and the Spirit of Capitalism*, he explained how the protestant teaching, especially Calvinism, has influenced the development of capitalism in the West.

Sukidi (2005) mentioned that compared to other religions, Weber's thoughts in seeing the relationship between Islam and economics were still in a mess. That is because Weber has passed away before writing his findings regarding Islamic ethics and Economics into a book.¹

Weber, in his papers, mentioned that there are some Islamic teachings against Protestantism.² In his studies, he mentioned indirectly that Islam did not support the economic growth. In his thoughts, Islam was such a salvaging religion that did not support the economic growth in the world. His thoughts came into question because Islam had made the Middle East as the center of culture in the middle Ages.

The advance of Islamic culture in the middle Ages has indicated that Islam is not against the development in

the world. Moreover, when the West has not advanced yet, Muslim scholars have advanced not only in economics but also in medical sciences, astronomy, sociology, philosophy, etc.³

Based on the two different thoughts mentioned above, this paper aims to investigate the relationship between the Islamic ethics and economics. Based on literature study, this paper will explore the Islamic views in economic activities, Islamic principles related to economics and Islamic concepts. Finally, this paper will present the contemporary development of Islamic economy.

2. Relationship of Ethics, Religions, and Economics: Literature Study

Weber, in *The Protestant Ethic and the Spirit of Capitalism*, concluded that there was a positive correlation between Protestant ethic, especially Calvinism, and capitalism. Protestant ethic has influenced people to work hard, expand their businesses, involve in trading, create wealth and then invest their wealth in order to gain more wealth. Implicitly, he mentioned that the development of Protestant Calvinist ethic has emerged capitalism in the West.

Sukidi, in his paper entitled "Max Weber's Remarks on Islam: The Protestant Ethic among Muslim Puritans", tried to compare Weber's thoughts on Protestantism, especially Calvinism, and Islam. The comparison of Islam and Calvinism was explained through four ideas: doctrine of predestination, search for salvation, asceticism in this world and rationalism.

The doctrine of predestination was the Calvinist belief that significantly contributed to the spirit of capitalism in the West. In this concept, the believers of Calvinism believed that they who had been selected in this world will also be selected in the hereafter. This concept had motivated the westerners to compete in business and creating wealth in this world in order to be selected in the hereafter. According to Weber, Islam is against the concept of predestination; moreover, Islam has predetermined wealth but not predestination, as quoted in Sukidi.⁴

The search for salvation in Weber's perception is every effort that creates certain consequences in practical behaviors in this world. In Calvinism, hard working spirit in this world is one of the efforts in order to search for salvation in the hereafter. On the contrary, according to Weber, Islam never accumulated wealth as the sign of salvation that give impacts on the behavior and way of life of Muslims in this world.

The concept of asceticism in Calvinism differed from the ascetic life in monasticism and Yoga that refers to the ascetic life in the hereafter, not changing this world. According to Weber, ascetic Calvinism is ascetic life in this world that had played important role in emerging the modern capitalism since the 16th century and after. There was an elective affinity between asceticism and self-discipline, thus this attitude had created motivation for the Calvinism to work hard, earn money, save the money and invest again in order to earn much higher profit.

The rational concept in Calvinism was manifested by doing world demagnification and then implementing it in their systematic behaviors through self-discipline, rational calculation, and individualism. The Calvinists have motivated themselves that they were the selected people to be blessed by God, so they practiced behaviors that are not wasteful, not having big celebrations/parties, and professional that resulted in excess production over consumption which was the beginning of capitalism. Through that illustration, Weber concluded that Calvinists had used the doctrine of predestination as the key concept in order to explain the rationalization of the doctrine and life behaviors. In contrast, in Islam the concept of predestination has resulted in the negligence on the part of the way of Muslim life itself in order to conquer the world. It finally had shifted Islam to military ethic in order to conquer the world. Thus, Weber concluded that rationalization had directed Muslims to the behaviors that are irrational and fatalistic.

Sukidi explained that Muhammadiyah, the second largest mass organization in Indonesia, was the organization that has conducted Islamic reformation with Protestant model. He mentioned several important points

in his analysis as follows: (1) attitude referring to the Holy Book (Al Quran), (2) direct relation between a Muslim and Allah (God, the Creator), (3) refusing magical aspects in this world where Muhammadiyah refused the belief of “takhyul, bid’ah and kuffarat”, (4) critical and rational attitudes in receiving religious teachings in which Muhammadiyah refused “*taklid*” that considered as the source of stagnation in Islam, and (5) using ascetic concept in this world that showed by the emerging of modern “Tasawuf” but not neglecting their duties in this world.

This paper does not aim to compare how Islam and Protestant affected Capitalism, but it will explain the position of economics in Islam and how the relationship between Islam and economic growth is.

3. Ethics and Economics in Islam

Islam is come from the word “*salama, yuslimu*”, meaning surrendering oneself to Allah (God). Islam is a teaching brought by Muhammad SAW that is believed as the last religion that refers to the Holy Quran and Hadits. Quran is the book that given to Muhammad. Quran is not specifically given for Muslims only, but also for all human beings as “*rahmatan lil alamin*”. Islam acknowledges other “samawi” religions, such as religions brought by Musa (Moses), Ibrahim (Abraham) and Isa (Jesus), and also their holy books. However, the perfect reference is Quran as explained in Al Maidah verse 3.⁵

Basically, there are 3 aspects in Islam: “sharia”, “akhlak” and “tauhid”. All aspects support each other. “Tauhid” is a belief and faith to Allah as the Creator who has eternity. A human being can know Allah through His characters and His names (*asma’ul Husna*). This is because human beings are not able to think about the substance of Allah. In terms of faith, there are 6 aspects that Muslims have faith in Allah, *Malaikat* (Angel), *Kitabullah* (Holy Books), *Nabi and Rasul* (the Prophets), *Hari Kiamat* (the hereafter), and *Takdir* (good and bad faith).

Sharia is a teaching that shows how a Muslim should implement their faiths in his/her daily life. The teaching includes what is good to be done and what is bad to be avoided. *Sharia* consists of the relation between human beings and their surroundings that is called “muamalah” and the relation between human beings and Allah that can be seen in compulsory prayers as the sign of a human being in serving his/her Creator, such as *shalaah* (prayer), *puasa* (fasting), *zakah* (charity), *haji* (hajj), etc.

Sharia itself comes from Islamic law, based on al Qur’an and al Hadits (the words of Prophet Muhammad saw). Divine law (*sharia*) aims at the welfare of the people in this life and in the life hereafter. It advises the people to adopt such means and measures suggested by *Sharia* that may result in benefit/well-being to them and may ward off evil, injury, loss, etc, from them, not only in this world but also in the hereafter. According to Ibnu Khaldun, as quoted by Umar Chapra (2001) in his famous books ‘The Future of Economics’, the meaning of ‘*sharia*’ is something that is considered good and effort to reach the overall good deeds.

The objectives of *Sharia* are known as *maqashid al sharia*. According to Imam Al Ghazali and As Shatibi, *al maqashid sharia* can be classified into 3 classes. There are *tahsiniyah*, *hajjiah* and *dharuriah*. *Dharuriah* is very urgent to act and the basic for the establishment of welfare in this world and the hereafter that if they are ignored then the coherence and order cannot be established, thus *fasad* (chaos and disorder) will prevail in this world and there will be obvious loss (*al-khursan al-mubin*) in the hereafter. *Dharuriah* includes five things; Protection of Faith (*Din*), Protection of Life (*Nafs*), Protection of Posterity (*Nasl*), Protection of Reason (*Aql*) and Protection of Property (*Mal*).

Hence, every Muslim should not abandon the ‘*sharia* teaching’ as mentioned in the Quran (45:18), Al Jaatsiyah verse 18: “*Then – we put thee on the (right) way of religion: So follow thou that (way) and follow not the desires of those who know not*”.

Akhlak is an Islamic teaching related to the rules on what must be done by Muslims in their behaviors in

their daily lives. *Akhlak* includes *akhlak* for oneself, for other human beings, for Allah and for his/her surroundings. *Akhlak* sometimes is called as ethic, but the essence of *akhlak* is actually deeper than ethic. Because in *akhlak*, we can not ignore the transcendental values, while in ethic we only talk about universal values. In details, the relationship can be explained as follows.

The three aspects are important and related each other in a Muslim life. Someone does not have the duty to implement *sharia* if he/she does not have faiths and on the contrary, *tauhid* will be nothing without the implementation of *sharia*. And *akhlak* is the third aspect that completed *tauhid* and *sharia*. In the daily life, *sharia* is the most common aspect to be discussed because it is related to the rules of daily life, incorporating economic activities.

All economic activities, such as trade, business, buying, selling etc. are part of religious services (called as '*ibadah'-muamalah*). The way those religious services being implemented must comply with *sharia* rules that come from Al Qur'an and Al Hadits. In general, all rules and regulations in Al Qur'an and al Hadits that concern on economic activities advocate mutual benefit activities, fairness, prohibition of *riba* (interest), no exploitation, doing a good deed, and finally it will end up with a just and fair distribution of income.⁶ Thus, we can see that aspects of *tauhid* and *akhlak* are included in *sharia*.

Chapra (1996), *The Future of Economic*, mentioned that ethics embodied in Muslim economic activities. Mubyarto in his paper "Ethics and Economics" (2002) mentioned that economics in Islam is related to ethics. This is because we can find one-fifth of verses in Al Quran mention about economic ethics. The statements above explain that in Islam the effort to apply ethics and the economic actors can not be separated as illustrated by Theresa Lunati. The orientation of Islamic economic ethics is different from the material orientation. If the protestant ethics generated capitalism, the implementation of Islamic ethics in economic activities will not direct to capitalism, socialism or welfare state but will go to Islamic economic system. This is because in Islam, individual ownership is acknowledged, but a Muslim has a duty and responsibility for his/her society.

4. Orientation of Life in Islam: Comparison with Calvinism

As explained above, that ethical value in Islamic economy has different objective and orientation with the Protestant ethical value, especially Calvinism which had affected capitalism with its individualism value. The ethical values in Islam are not oriented to Social economic system or welfare state. According to Naqvi (1981), the economic ethics in Islam have oriented to an economic system which based on Unity of God or the *tauhid* principle as the moral basis that will create a fair and distributable economic system, which then called Islamic economy. The aim of Islamic economics, as mentioned above has the same goal with *sharia*, which is to reach the overall good deeds or *maslahah* for everyone.

Pursuing the economic development in Islam is a part of consequences of human task as the caliph (*khalifah*) or the leader in the Earth which God provided with minds, so human can always think.⁷ The effort to pursue the economic development in Islam is not to make wealth as its goal which in order to reach it people might do exploitation, create toxic waste which may harm the environment, and accumulate capital for the sake of someone or a group of people but will cause poverty for others.⁸

Development in Islam is the improvement of all people, not just for a group of people. The economic growth that achieved is a mode of growth that considers being in harmony with the environment, the future generation and all aspects involved in it. Hence, the economic growth achieved in Islam is a sustainable and long-term growth, not a short-term growth but destructive in the long-term.

Weber mentioned that predestination concept assumed that only those who succeeded in this world will be

elected to be successful in the hereafter. Meanwhile, in Islamic teaching, one may enter the heaven in the hereafter because of their obedience to Allah, not because of their wealth. So, everyone, rich or poor person, has the same chance to enter it as long as they are always obedient to Allah. The concept of obedience to Allah means that one should obey His rules and avoid all that forbidden by Him. The obedience to Allah is not only limited to the relations between a human being and Allah, but also relations among human beings, and a human being and his/her surroundings in order to foster the sustenance of all living things as part of the obedience to Allah.

Being rich or poor in Islam is a part of certainty from Allah. Thus, rich and poor is actually a test for a human being whether he/she can still be always obedient to Allah or not.⁹ However, a Muslim must keep the efforts to work in order to earn income to fulfill his/her needs for living so that he/she can keep his/her obedience to Allah, since working is a duty that Allah gives to human beings in order to foster the inhabitants in the earth.

The ethical value here is that Allah shall guarantee the livelihood of His worshipper. But, one may be given less than others. Since Allah, as the Creator, knows well what is good or bad to give them. Although one may live unlucky, he/she still have chance to worship which may not use money, such as smiling to others, making somebody happy, throwing away little thorn or rock from the street that may harm other people. The point that differs the Islamic teaching from the predestination concept is that worship to Allah can be done as far as he/she can do it, with or without money, in order to be successful in the hereafter and enter the heaven.

The perfection of Islamic teaching as the ethical value in Islamic economics can be seen from the balancing activity between the haves and the have-nots. In Islam, the haves are ordered by Allah to help the others which may be the have-nots. But the have-nots shall not rely on the haves that may create dependency. This statement had been descended from one of the prophet Muhammad words as the idioms that 'hand above is better than hand under'.

Different to the Western thinking that the Protestant ethics had raised the spirit of capitalism, the ethics of Islam had raised the spirit of justice and overall good deeds or *maslahah*. Since the beginning, Islam never said that material wealth would determine the quality of human belief. But, it is determined by the level of the faith to Allah, as refer to The Quran (49:13).¹⁰

Islam does not forbid human beings to pursue happiness in this world, but it is not concentrated on material wealth only. In fact, Islam calls out the balance between life in this world and life in the hereafter as *Falah* or the welfare concept in Islam. Islam forbids accumulating wealth and ignoring the responsibility to society which in turn may create imbalance in life. The balance of life which offered by Islam shows that life is not just in this world, but also in the hereafter. Islam admits that life in this world is just temporary and there is eternal life in the hereafter. The ethical value here is that Islam allows human beings to pursue happiness in this world through the concept of *Falah*, the welfare model in Islam.

5. Moral Ethics in Islamic Economics

As mentioned above that economics in Islam is part of *muamalah*. Thus its implementation is not against the *Tauhid*, *ibadah* (worship) and *akhlak* (ethics). Naqvi (1981) tried to develop four basic axioms from the economic system of Islam or called Islamic economics. According to him, these axioms refer to a basic principle, simple and have possibility to develop further. These four principles are Unity, Equilibrium, Free Will and Responsibility.

The Unity principle refers to the *Tauhid* principle as the primary and vertical relation perspectives. The *Tauhid* principle is an interaction level among all existing things. In Islamic perspective, the earth, nature, and all living things that created by Allah have relation with this *Tauhid* principle. Human beings are also a part of this

universe that must comply and be obedient to Allah as their creator. Hence, this *Tauhid* principle brings faiths and attitudes altogether all activities that are good in this world as *ibadah* (worship), including work. So, all of these activities should be adjusted with the order of Allah, even in the concept of ownership, working time, modes of work, etc. The rules regarding good and bad work/activity have been managed well in the Quran, such as working is better done after *ibadah* (worship), a balance between working and praying time for the workers in a fair way, not destroying the nature etc.

The equilibrium principle is a principle which has horizontal perspectives and completes the vertical principle. Practical speaking, this principle should be implemented in every personal life, how to balance between the interest in this world and the hereafter, between the work and pray, and also the balance of every aspect of human life. It includes the balance of individual interests and groups' or communities' interests, and also the right of individual and communal ownerships.

The free will principle is the implementation of human role as the caliph in order to create the welfare in this world. In order to support this principle, Allah has provided human with minds to think. Through their minds, human beings get their free will to optimize their creativity in order to manage and advance the earth and its environment, including innovation and invention.

Meanwhile, the responsibility principle is the complement of the free will principle. Islam as a rational religion does not give the human free will without responsibility that may harm oneself, society and his/her environment. Every person shall be asked about his/her responsibility for what he or she has done in this world. The responsibility could be taken in this world when he/she is still alive or in the hereafter. Especially in the hereafter, the responsibilities being asked include age, property, knowledge and other resources that he or she had, whether all of them had been used properly according to *Sharia* or not.

The responsible free will in the economic system of Islam differed from Capitalism and Socialism. In Islam, one shall be given free will as long as it is not used to harm him or herself, his/her society and environment. The kind of free will that harmful may contradict with *maslahah* or the overall good deeds which is the aim of *sharia*.

6. Islamic Economy in Practices

In practice, all the rules and principles of Islamic economics aimed for the *maslahah*, as the aim of *sharia*. The entire rules and forbidden things in Islam aimed to prevent harm for the person himself, the society and the environment. For example, one of the rules in Islam is to take the rightful and clean food that is actually aimed to improve the God's blessing and the health of the society. The obligation to do fasting in the month of *Ramadhan* in Islam is actually aimed not just for health, but also to teach how to feel the same way as the poor people when they can not eat for days, so it also brings some social experiences to help the needy. Even *shalaah* (praying) in Islam, the worship to Allah, if it could be done in the right way would give positive effects to human psychology and also improve the health which one of the benefits is to speed up the blood flow circulation. Also, according to one book, it is said that Islam is a humane theology, which means belief in God but also has wide effect to human beings.

In relation to economics, *zakah*, a form of public tax in Islam, is one kind of worship to Allah which has a social impact. Basically, one of the aims of *sharia* is to protect someone property. So it is prohibited to take the property of others in illegal ways according to *sharia* unless the small portion of it for *zakah*. The order to pay the *zakah* was given by Allah to the Islamic government to take it from the haves among Muslims to be distributed for the have-nots, as referred to the Quran 9:60.¹¹ If the obedience to pay *zakah* consistently done by the Muslims, then actually this kind of activity could prevent the social gap and eradicate poverty. One of the most success

stories of *zakah* implementation to eradicate poverty had been done in the era of Umar bin Abdul Aziz, the government from the Umayyad dynasty. In only a period of three years, his dynasty could eradicate poverty in Arab land. There was no poverty, no poor people anymore there. Since all of them could pay *zakah* as a proof that there were no longer became the have-nots, the treasures and property collected as *zakah* then distributed to other continent that still had many poor people, such as Africa. The proof of his success has been recorded by many Muslim scholars in his era and passed down to many Muslim scholars in the next generation.

Besides *zakah*, attitudes related to altruism can be seen in *shodaqoh* and *waqf*. *Shodaqoh*, charity, is different from *zakah* since it is not part of obligatory, but it is recommended to do. Doing *shodaqoh* or charity may not always in terms of money. It also can be done in immaterial way like mind and labor. *Waqf*, turning a private property to be a public property by his or her own will as a part of his or her worship to Allah, is not much different from *shodaqoh*, except, that the property given may not end or be eternal for long time as is the basic principle of *waqf*.

Usually, the object of *waqf* is a fixed property such as land and building, but the object now can also be given in terms of money. *Waqf* has been practiced for century in the Middle East and several Muslim countries. The *waqf* property can be used for many purposes, including infrastructure such as schools, hospitals, roads and others, even an apartment building. In this case, *waqf* is actually a way to share the property with others in a good deed, but for the proper usage. The *waqf* property can also be allocated to help government to provide public facility. In this sense, we can see the ethical dimension of *zakah* which is an obligation for the haves, but *shodaqoh* and *waqf* are not the obligation. But it is recommended for the haves, if he or she has more money or property and wants to improve the level of his or her worshippers.

Islam also prohibits dirty transaction to protect the property to be taken in illegal ways, such as reducing the weight, offering a price higher than the market price, preventing other competitors to enter the market or entry barrier, and dominating a market. Since these kinds of attitudes are not fair and would damage other businesses. In fact, Islam prohibits taking usury from the money that lent to others¹² and Allah will curse those who keep taking the rest of usury.¹³ Usury or in the contemporary practice is the same with interest will give negative effect in the whole economy, such as the growth of monetary sector will be faster than real sector. This had caused the economic bubble and the economic crisis.

Islam also refuses the extravagant life style both in consumption and production. Extravagance means overspending on lawful matters such as food, clothes, shelter, or even charity.¹⁴ Prohibition of extravagant life style will give large effects, such as sustainable development and justice among generations.¹⁵ In addition, Islam prohibits profligacy. Profligacy means spending in the wrong ways, e.g. on prohibited activities such as bribery, on illegal things, or in reckless manner. Islamic teaching advises Muslim to consume good and lawful things. So, consumption and satisfaction are not condemned in Islam as long as they do not involve any harm or harmful things.¹⁶

In production, business organization leads to a decline in the production costs and an improvement in quality through greater efficiency, innovation and organizational improvements. In Islam, it is prohibited to exploit the employees. One of the employee rights is to get a salary or wage as soon as possible.¹⁷ The minimum salary of the employee is to fulfill his/her basic needs. Islam prohibits the slavery and gives big incentive for people who set them free.¹⁸ One of the ethics to employee is not to give them load out of his/her capacity.¹⁹

Islamic teaching also gives concern in the environment. This can be seen in the verses in Quran that contain the prohibition of destructive actions to the earth. The damaged environment will carry negative effects on human beings, animals, plants, water etc. Islamic teaching does protect a life, not only for a man life, as a story told from the tradition or *sunnah* that a prostitute could enter heaven in the hereafter because she gave water to a thirsty dog.

In the macro contexts, the role of a state for instance, the state has a duty to cover the worldly affairs of his

citizen.²⁰ One of the citizen rights is to get protection. For example, in the case of tax, in Islam it is right to collect it as long as being used for the necessity of the society/people. The Islamic scholars in the middle ages did not agree with the tax collected by government without concerning the *maslahah*. Moreover, object of tax in Islam is the rich people, not the firms. This will avoid the inflation effect from the taxation system if it is applied to the firms. The tax is taken if a state in the emergency (*dharurat*) condition. In the period of the government Umar bin Khattab, he collected *kharaj*, known as land tax and then allocated the tax for rehabilitation or building a good irrigation, but the tax is not allowed to be collected if farmers failed in harvest. Another tax, *jizyah*, the tax for the Jews during the prophet Muhammad, used not only for a guarantee of safety for Muslims who lived in Madinah city, but also set the Jews free from their duty to defend the state.

The role of government in Islam is also to give social security for their citizens such as disabled, poor, and old people. This social security is not only giving food, clothes, shelter, transportation, education, but also fund for a marriage. For the disabled persons, there are some servants who will help them. Tradition from the prophet said that he used to send instructors to teach people the tenets of religion as well as reading and writing. He had appointed Sa'id bin Al 'As to teach people in Madinah to read and write. Umar bin Khattab appointed teachers for the children in Madinah. Similarly, Umar bin Abd al Aziz appointed salaried instructor for people in the villages. Stipends were given to the students and men engaged in academic pursuits. There are precedents from Umar bin Khattab as well as Umar bin Abd al Aziz for providing servants to help the disabled people. Umar was also reported to provide transport for the needy, and Umar bin Abd al Aziz gave financial grants for marriage.²¹

It can be seen that giving *shodaqoh*, helping each other, prohibition of *riba*, no exploitation to the employees and prohibition hoarding wealth (money)²² aimed to achieve *mashlahat*. From the altruism, we can learn the wisdom, that wealth of people is come from wealth of society around them. If the society around them has no purchasing power, the economy will go slow. Helping the people around them that initiated to serve God will also grow the whole economy. Indirectly, what people give will be back to them. This is the wisdom of *shodaqoh* in the short term.

But at the present, Muslims do not fully apply *sharia* in their lives, they separate its application. *Sharia* is more known for *ibadah* only, such as *shalat* (prayer), *puasa* (fasting), excluding *muamalah* aspects, the relation among human beings or world affairs. This is in contrast to the message in Quran whereas the objective of the creation of human being in the world is to serve Allah (*ibadah*), not only when they pray, fast or pay *zakat*, but also in their whole lives.²³

Separating *sharia* in a Muslim life was caused by the policy of *abbasid* caliph that separated the Islamic scholars and government. This condition was different from situation during the Prophet, *Rasulullah* and *khulafaur rasyidin*, his close friends, where the head of government was also the Imam, the leader in *shalaat*. So, as the head of government comprehensively understood about the rules of *sharia* and applied it for every activity in his government. Separating the *sharia* in the daily activity of a Muslim also became worse by the experience of Muslim countries under the colonization of European for hundred years. Long period in colonization had influenced their commitments in *sharia* implementation in the Muslim daily activity. Another problem, misconception of a part of Muslims about predestination concept, made them passive in their lives and do not optimize their ability as a caliph or the leader in this world.

7. Conclusion

The idea of this paper came from the paper of Weber about Islam, that ethics in Islam can not give a big contribution to the economic development as Protestant ethics did, especially Calvinism. This can be seen from

some aspects in Islamic teaching that are in contrast to Calvinism doctrine, such as doctrine of predestination, search for salvation, asceticism in this world and rationalism.

Based on the literature review, Islam does not avoid or refuse the development. This can be seen from the Islamic teaching, *sharia*, which mentioned that pursuing the interests in this world is as important as pursuing life in the hereafter. The important point that differs from Calvinism that emerged capitalism is the orientation that ownership and capitalism are not the final objectives. Islamic teaching put emphasis that the final objective is the eternal life in the hereafter.

The existence of human beings in this world is basically to serve Allah, the Creator, by applying *tauhid*, *sharia* and *akhlak* in our daily activities, including economy or business. Even though the orientation of the Muslim life is to serve Allah, it does not mean neglecting the world. This is because every aspect in *ibadaah* for Allah will give the positive effects to human beings and humanism. The objective to achieve a good condition or *maslaha* through giving a protection to five things as Faith, Life, Posterity, Reason (*'Aql*) and Property (*Mal*). For example, *shalaah* will give side effect of healthy body and psychology; *zakaah*, as a tax on wealth in the *sharia* rule, has a social function for the justice and income distribution; and the prohibition on usury for the justice and balance of the real and monetary sectors.

In the present, practically speaking, Muslims still do not comprehensively apply the *sharia* rules in their lives, because of their limited knowledge regarding the *sharia*. This has made a part of Muslim's life declined and left behind from others.

End Notes

- ¹ Sukidi (2005) in his paper: "Max Weber's Remarks on Islam: The Protestant Ethic among Muslim Puritans"
- ² Weber's thoughts about Islam compiled in a book, entitled "Max Weber & Islam", Toby E. Huff, and Wolfgang Schluchter
- ³ The Quran and Modern Science, extracted from "The Bible, the Qur'an and Science" by Dr. Maurice Bucaille
- ⁴ *Op.cit*, Sukidi 2005
- ⁵ Al Maeda verse 3: "... This day have those who reject faith given up all hope of your religion: yet fear them not but fear Me, This day have I perfected your religion for you, completed My favour upon you and have chosen for you Islam as your religion. But if any is forced by hunger, with no inclination to transgression, Allah is indeed Oft-forgiving, Most Merciful.
- ⁶ Al Qur'an 4; 29: O ye who believe! Eat not up your property among yourselves in vanities; But let there be amongst you Traffic and Trade by mutual goodwill; nor kill (destroy) yourselves; for verily Allah hath been to you merciful. For prohibition of Riba (interest) can be found in Al Qur'an 2:275:"Those who devour usury will not stand except as stand one whom the Evil one by his touch Hath driven to madness. That is because they say: "Trade is like usury", both Allah hath permitted trade and forbidden usury. Those who after receiving direction from lord, desist, shall be pardoned for the past; their case is for Allah (to judge); but those who repeat (the offence) are companion of Fire: They will abide therein (forever).
- ⁷ According to Umar Chapra in his article, "The Economic Problem of Mans and Islam", as a *Khalifah* of God, a man is desired to lead a life and to play a role that befits his-status. He should satisfy all the essential needs to remain physically and mentally healthy, efficient and capable to perform his responsibilities and develop his total potentials. There is no point in shunning the "good things that God has provided" (7:3 2). He must enjoy life. It is not the enjoyment of life that stands in the way of spiritual uplifting; it is the way it is done. It is not wealth itself which is bad; it is the way it is acquired and the way it is spent. There is nothing wrong in enjoying life within the framework of the values for righteous living through which Islam seeks to promote human welfare.
- ⁸ Quran, Al Hashr (59) verse 7;" What Allah has bestowed on His Messenger (and taken away) from the people of the townships, -belongs to Allah,- to His messenger and his kindred and orphans, the needy and the wayfarer; in order that it may not (merely) make a circuit between the wealthy among you. So take what the Messenger assigns to you, and deny yourselves that which he withholds from you. And fear Allah; for Allah is strict in Punishment.
- ⁹ According to Monzer Khaf, success in Islam is defined as the consent of Allah SWT and not in the accumulation of wealth, as The Quran says in surah Maryam 32-44. Virtue, righteousness and the fulfillment of the servant hood to Allah (SWT) are the key to His consent. Virtue and righteousness can be achieved through good actions and purification of human behavior

from evil and vice.

- ¹⁰ Quran 49:13, Al Hujarat verse 13, O mankind! We created you from a single (pair) of male and a female and made you into nations and tribes, that ye may know each other (not that ye may despise (each other)). Verily the most honoured of you in the sight of Allah is (he who is) the most righteous of you. And Allah full knowledge and is well acquainted (with all things).
- ¹¹ Surah taubah 60: Alms are for the poor and the needy, and those employed to administer the (funds); for those whose hearts have been (recently) reconciled (to Truth); for those in bondage and in debt; in the cause of Allah, and for the wayfarer: (thus is it) ordained by Allah, and Allah is full of knowledge and wisdom.
- ¹² Usury can be defined as additional return which happens in lending money or things without activity in the real sector. In banking and financial sector, the usury refers to the interest.
- ¹³ Quran, Al E Imran: 130: O ye believe! Devour not usury, doubled and multiplied; but fear Allah that ye may (really) prosper.
- ¹⁴ Quran Al Isra: (17:29), "Make not thy hand tied (like a niggard's) to thy neck, nor stretch it forth to its utmost reach, so that thou become blameworthy and destitute.
- ¹⁵ According to Fahim Khan, it is perfectly permissible to save for future consumption. The sayings of Prophet (SAW) regarding leaving after death some resources for the family suggested that savings are permissible. But how much of the income to save and how much to consume now is again a question which does not require maximizing behaviors. The balancing principle again at work: "*Those who when they spend, are not extravagant and not niggardly but hold just balance between those extremes*, Al Furqan (25:67)
- ¹⁶ Quran al a'raaf (7:32) "*Say: Who has forbidden the beautiful (gifts) of God which He has produced for His servants and the things, clean and pure, (which He has provided) for sustenance?*"
- ¹⁷ Based on the tradition of Prophet, Muhammad SAW (Al Hadits) Narrated by Anas: The Prophet used to get cupped and would never withhold the wages of any person.
- ¹⁸ I asked the the Prophet, "What is the best of deed?" He replied, "To believe in Allah and to fight for His Cause. "I then asked, What is the best kind of manumission (of slaves)?" He replied, "The manumission of the most expensive slave and the most beloved by his master. " I said, If I cannot afford to do that?" He said Help the weak or do good for a person who cannot work for himself." I said, If I cannot do that? He said, "Refrain from harming others for this will be regarded as a charitable deed for your own good."
- ¹⁹ Hadits from Sahi Bukhari Vol. 1 Book 2 : Narrated by Al-Ma'rur: At Ar rabadha I met Abu Dar who was wearing a cloak and his slave, too, was wearing a similar one. I ask about the reason for it. He replied," I abused a person by calling his mother with bad names", The Prophet said to me, 'O Abu Dhar! Did you abuse him by calling his mother with bad names You still have some characteristics of Ignorance. Your slaves are your brothers and Allah has put them under your command. So whoever has a brother under his command should feed him what he eats and dress him of what he wears. Do not ask them (slaves) to do things beyond their capacity (power) and if you do so, then help them.
- ²⁰ Monzer Kahf in his paper mentioned that there are two functions of Islamic state. Firstly, a system of rationalization is utilized by the state to determine the relevance, usefulness and efficacy of political decisions and the process of decision-making. However, it is recognized that every political system has its own rationale, and Ibn Khaldoon, himself, distinguished three different kinds of political rationalization: monarchic, democratic, and Islamic. The monarchic rationale is based on a set of values that surrounds and nourishes the desire, voracity, and lust of the monarch. The democratic rationale is based on the human reasoning without being value-committed or guided by Godly revelation. The Islamic rationale is based on the human reasoning which is committed to the divine revelation in both values and methodology. Secondly, the domain and the scope of the Islamic state cover the worldly affairs as well as the affairs of the Hereafter. The responsibility of the Islamic state towards the members of its society covers their interests in the afterlife in the sense of helping people work toward their own salvation and success in serving Allah, in addition to attaining their satisfaction with regard to worldly joys and matters. Imam Shatibi argued that the Islamic state has to make more effort in helping its citizens to achieve their goals because: "the interests of religion have absolute priority over the interest of the worldly life.
- ²¹ M.N Shiddiqi "The Guarantee of a Minimum Level of Living in an Islamic State" in Distributive justice and need fulfillment in an Islamic economy.
- ²² Quran, Al Humaza, (104):1-4; "Woe to every (kind of) scandal monger and-backbiter, Who pileth up wealth and layeth it by, Thinking that his wealth would make him last for ever! By no means! He will be sure to be thrown into That which Breaks to Pieces"
- ²³ See Adh- Dhariyat (51) verse 56; "I have only created Jinns and men, that they may serve Me"

References:

- As Syatibi, al-Muwafaqaat fi Ushul al-Ahkam, part II, 196. Daar el Ma'rifah-Beirut.
- Bucaille, Maurice. *Quran and Modern Science*. www.sultan.org/articles/QScience.html
- Chapra, M, Umer, *The Future of Economic* (Translation). Shariah Economic and Business Institute, Jakarta, 2001.
- Chapra, M, Umer, *The Economic Problems Of Man and Islam*, Islamic Order, Karachi, Vol.6, No. 4, 1984, 17-31.
- Chalcraft, David J. *The Protestant Ethic Debate: Max Weber's Replies to His Critics, 1907-1910*. Editor Austin Harrington, Liverpool University Press, Liverpool, England. 2001.
- Croce, Benedetto, *Philosophy of The Practical Economic and Ethic*, Biblo and Tannen, New York, 1969.
- Giddens, Anthony, 1986, *Kapitalisme dan Teori Social Modern Suatu Analisis karya tulis Marx*, Durkheim, dan Max Weber, Universitas Indonesia Press, Jakarta.
- HD, Kaelany. *Islam, Iman dan Amal Saleh*, Rineka Cipta Publishing, Jakarta, Mei, 2005.
- Harefa, Andreas, 2007, *Sustainable Growth*, PT Gramedia Pustaka Utama, Jakarta.
- Hefner, Robert W, 2000, *Islam Pasar Keadilan Artikulasi Lokal*, Kapitalisme dan Demokrasi, LKiS Yogyakarta.
- Huff, Toby E Reviewed Schluchter, "Wolfgang, Max Weber and Islam", *Contemporary Sociology*, Vol.30, No.4 Juli 2001, 416-417.
- Jalaluddin, Abul, Khair, M. *Savings Behavior in Islamic Framework*, www.financeinislam.com
- Kadimullah, Tuanku Kayo, 2007, *Keajaiban Manusia Menyingkap Misteri Ruh*, Management of Soul, Mengenal diri dan Allah, Marja Press, Bandung.
- Kahf, Monzer, "The Economic Role of State in Islam", *Journal of Objective Studies*, Volume: 6,1, Januari, 1994/1415H, 1-31.
- _____, "The theory of Consumption" in Tahir, Sayyid, et.al. 1992. *Readings in Microeconomics, an Islamic Perspective*, Longman, Malaysia.
- _____, "A Contribution To The Theory Of Consumer Behaviour in an Islamic Society", in Tahir, Sayyid, et.al. 1992. *Readings in Microeconomics, an Islamic Perspective*, Longman, Malaysia.
- Khan, M. Fahim, "Theory of Consumer Behaviour in an islamic Perspective", in Tahir, Sayyid, et.al. 1992. *Readings in Microeconomics, an Islamic Perspective*, Longman, Malaysia.
- Lunati, M. Teresa, *Ethical Issues in Economics, from Altruism to Cooperation to Equality*, St. Marten's Press, New York, 1997.
- Mannan, Abdul, 1997, *Teori dan Praktek Ekonomi Islam*, translated by M. Nastangin, PT Dana Bhakti Prima Yasa, Yogyakarta.
- Maududi, Abul A'la. *Dasar-dasar Islam*. Pustaka Publishing, 2005/1426H
- Mubyarto, Penerapan Ajaran, Ekonomi Islam di Indonesia, Presentation Paper, Syariah Economics Days, Senat Mahasiswa FE UI, Jakarta, 19 Februari 2002.
- _____, Etika, "Agama dan Sistem Ekonomi", *Jurnal Ekonomi Rakyat*, Artikel- Tahun 1 No 2 Tahun 2004.
- Nagvi, Syed Nawab Haider, *Ethics and Economics, An Islamic Synthesis*, *The Islamic Foundation*, London, 1981.
- _____, *Ethical Foundations of Islamic Economics*, www.financeinislam.com
- Qardhawi, Yusuf, 2001, *Peran Nilai dan Moral dalam Perekonomian Islam*, Robbani Press, Jakarta.
- Siddiqi, Muhammad Nejatullah, "The Guarantee of a minimum level of living in an Islamic State" in Munawar Iqbal, *Distributive Justice and Need Fulfilment in an Islamic Economy*, International Institute of Islamic Economics, International Islamic University, Islamabad and The Islamic Foundation, 233 London Road, Leicester, U.K, 251-286.

- Sukidi, "Max Weber's Remarks on Islam: The Protestant Ethic among Muslim Puritans", *Islam and Christian-Muslim Relations*, Vol.17, No.2, 195-205, April 2006.
- Swedberg, Richard, *Max Weber and the Idea of Economic Sociology*, Princeton UP, Princeton, 1998.
- Tibi, Bassam, 2005, *Etika Politik Islam, Civil Society, Pluralisme, dan Konflik*, translated from: Islamic Political Ethics, Civil Society, Pluralism, and Ethics, International Center for Islam and Pluralism.
- Weber, Max, *The Protestant Ethics and the Spirit of Capitalism*, Charles Scribner's Sons, New York, 1958.
- , *Economy and Society*, University of California, 1978.
- , *General Economic History*, Collier Books, 1961.
- Wilson, Rodney, *Economics, Ethics, and Religion*, Macmillan, 1997.
- Yatim Badri, 2005. *Sejarah Peradaban Islam Dirasah Islamiyah II*, PT Raja Grafindo Persada, Jakarta.