

## **POLITICAL ISLAM AND THE GLOBAL ECONOMY**

### **A Study on Political Economy of Hizbut Tahrir Indonesia**

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#### **Abstract**

*This article discusses the entanglement of political Islam and the new global economy. It specifically addresses the epistemic fields of political economic concepts of the Islamist organisation of Hizbut Tahrir Indonesia/HTI. This article argues that the organisation offers an entangled epistemic field of religion, politics, and economy. The Islamic concept of Khilafah is particularly defined as a new global political and economic systems that challenge the currently dominant capitalist-state of western civilisation. The crucial elements of political economy of the khilafah is the aspect of distribution rather than production, thus the HTI's criticism lies at the notion of justice and equal access to economic resources and effects. With this framework, the HTI offers a new global political system -based on khilafah- and promises justice in economic distribution.*

*[Artikel ini mendiskusikan keterpaduan antara politik Islam and tatanan dunia ekonomi global yang baru. Melalui artikel ini, penulis menjelaskan ranah epistemik konsep politik ekonomi yang dilontarkan organisasi Islamis Hizbut Tahrir Indonesia (HTI). Artikel ini berargumen bahwa HTI menawarkan satu tatanan epistemik yang menyatukan agama, politik dan ekonomi dalam satu kesatuan konsep. Konsep khilafah yang dikampanyekan HTI merupakan respon terhadap sistem kapitalis Barat kontemporer. Yang utama dari konsep ekonomi khilafah ini adalah aspek distribusi, ketimbang*

*produksi, dalam menata ulang tata ekonomi global. Dengan kampanye tata politik ekonomi khalafah, HTI menjanjikan keadilan dan kesetaraan dalam mengakses sumber ekonomi dan merasakan buahnya.*

**Keywords:** *Islamic Political-Economic , HTI, Public Policy, State*

## **Introduction**

Hizbut Tahrir (HT) is a trans-national religious organization that aspires to uphold Islamic sharia by establishing the Islamic state (*khilafah*). Because of its harsh ideology, HT is then under the pressure in almost all countries. Before the issuance of the Government Regulation as the substitution of Law Number 2 of 2017, HT can only grow formally in Indonesia.<sup>1</sup> At the beginning of its formation (in 1982) until the fall of the New Order, Hizbut Tahrir Indonesia (HTI) also had repression. HTI takes advantage of the momentum of openness and freedom of the reform era to introduce its ideas openly to the public. Finally, HTI successfully registered as an official organization at the Ministry of Home Affairs of the Directorate General of *Kesbang* (National Unity) in Jakarta.<sup>2</sup>

The legal entity status of the HTI was later revoked by the government based on the Decree of the Minister of Law and Human Rights Number AHU-30.AH.01.08 in 2017 concerning the revocation of the Decree of the Minister of Law and Human Rights number AHU-0028.60.10.2014 concerning the ratification of the establishment of legal entities for HTI associations. The “repressive” cases that afflicted the organization actually tickled some people to better understand their ideas, especially regarding the political concept of *khilafah*. The dissolution of

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<sup>1</sup> Hizbut-Tahrir entered Indonesia in 1982 through M. Mustofa (alumnus of Higher Education in Jordan) and Abdurrahman al-Bagdadi. Mustofa is a scholar and lecturer at the UI literature faculty. While Abdurrahman came from Lebanon who migrated to Australia, and then settled in Indonesia to teach at a pesantren in Bogor. See, M. Imdadun Rahmat, *Arus Baru Islam Radikal: Transmisi Revivalisme Islam Timur Tengah ke Indonesia* (Jakarta: Erlangga, 2005), p. 97-99.

<sup>2</sup> Ainur Rofiq al-Amin, *Membongkar Proyek Khalafah ala Hizbut Tabrir di Indonesia* (Yogyakarta: LKiS, 2012), p. 4.

HTI by the government does not mean shutting down their movements. HTI has had a bitter experience as an underground movement (1982-2000), so it is very likely that their movements will use their old patterns. Regarding this background, studies on the thoughts of HTI are still important to be conducted because HTI is a trans-national organization. More specifically, this paper tries to examine their mind framework in the economic-political aspect, namely epistemology of economic development. The limitations put forward by the Islamic economists in general indicate that differences between Islamic economic and the conventional one lay in the Islamic worldview.<sup>3</sup> Although the terms used are often different, such as worldview, way of life, values, visions, perspectives and so on, all of them have almost the same meanings, namely a fundamental view or attitude about the essence of life in the world. The implementation of the limitation on Islamic economics as mentioned above, will give the impression that Islamic teachings have their own concepts regarding economics.<sup>4</sup> In addition, the above definition of Islamic economics also implies that the conventional economic paradigm will continue to function in shaping the Islamic economic paradigm praxis. In other words, for most Muslim economists, conventional economic theories will still remain to be a discourse for Islamic economics.

The Islamic economic theory of HTI is very different from the above-mentioned mainstream of thought. Islamic economics must be distinguished or separated from conventional economics because of its different worldview.<sup>5</sup> With a more specific expression, worldview or *mabda* can be defined as “*akidah aqliyah yan baiqu ‘anba niām*” (*akidah aqliyah*

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<sup>3</sup> Maulana al-Maududi termed the worldview with the *Islamic naẓariyat*, Sayyid Qutb using the term *al-taṣawwūr al-Islāmī*, Mohammad Atif al-Zayn called it *al-mabda al-Islāmī*, whereas Naquib al-Attas called it *Ru’yat al-Islām li al-Wujūd*.

<sup>4</sup> M. Ismail Yusanto dan M. Arif Yunus, *Pengantar Ekonomi Islam* (Bogor: Al-Azhar Press, 2009), p. 12.

<sup>5</sup> Taqiuddin An-Nabhani, *Al-Nizām al-Iqtisādī fī al-Islām* (Beirut: Dār al-Ummah li al-Taba’ah wa al-Nashr wa al-Tauzī ‘, 2004), p. 25-26.

which produces the rules of life).<sup>6</sup> Based on this formula, Nabhany also often uses the term *akidah* which refers to a view of life. With regard to Islamic economics, HTI offers new ideas about the epistemological dichotomy between economics and the economic system. The study area of economics is in terms of procurement and efforts to increase the productivity of goods and services. Meanwhile, the study of economic systems includes the way to obtain, to use and to distribute goods and services.<sup>7</sup> Economics, like other sciences, is universal and is not influenced by a certain worldview or *akidah*. Thus, this is clearly different from the economic system that is specific, influenced by certain views of life and built from a particular faith.

The discussion of economics is universal, so that it is in line with the development of the contemporary science and technology. Therefore, it can be understood that this economics is not influenced by a particular ideology or worldview. Meanwhile, the Islamic economic system is part of the totality of the Islamic system based on the Qur'an and *Sunnah*. In this case the basic paradigm used to take care of the people's interests is the *akidah* (worldview) and sharia laws. In some ways, philosophy and modern science can be adopted and adapted, but the differences in epistemology and worldview must be realized. Unlike Western neo-liberalism, revelation is recognized as one of the sources of knowledge in addition to the other sources. The epistemology of Islamic science is closely related to the structure of metaphysics which has been formulated in revelation, hadith, reason, empirical experience and intuition. This shows that in the view of Islam, science is a product of *fikih* or understanding.<sup>8</sup>

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<sup>6</sup> Taqiuddin An-Nabhani, *Nizām al-Nabāany* (Beirut: Dār al-Ummah, 2001), p. 22.

<sup>7</sup> Taqiuddin An-Nabhani, *Al-Nizām al-Iqtisādī*..., p. 25.

<sup>8</sup> Isma'il Raji al-Faruqi, *The Cultural Atlas of Islam* (New York: Macmillan Publishing Company, 1986).

The concepts of HTI is derived from the premise that science is not value-free.<sup>9</sup> The internalization of Islamic values into science is somewhat different from the theory of Islamization. Value-free scientific classification is universal science which means that knowledge becomes a necessity for every human being. Whereas sciences concerning with the interests of the community and social order, or in the definition of HTI, knowledge includes the system (*saqafah*), so that sciences must be affected with sharia values.

The classification of scientific approach into religious and secular studies, according to the supporters of Islamization, resulted in a *malaise of the ummah*. This downturn was triggered by the flow of secular-religious duality in the Islamic education system.<sup>10</sup> The implementation of the concept of Islamization of science at a practical level is certainly not an easy problem. "Islamization" of scientific disciplines needs a distinctive methodology which is typical of Islam. This prerequisite is absolutely necessary so that the Islamization process is not impressed merely as an eclectic mix of Islam with Western science, for example conventional economics (capitalism) with Islamic economics, conventional banking with Islamic banking.

In response to the above described background, this paper examines HTI's thoughts on how to develop the economies of Muslim countries which are in line with the values of Islam-specific economic and political ideology. Can Muslim societies develop the economy by following the capitalist, socialist and derivative systems, by means of adaptation? Is it necessary to reconstruct political economy by using assumptions, ideas and patterns that are unique to the development of Muslim societies?

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<sup>9</sup> Muhammad Riza Rosadi, "Kehidupan Ekonomi dalam Daulah Khilafah" Journal *Al-Wa'ie*, No. 8, Vol. 1, April 2001.

<sup>10</sup> Louay Safi, *The Foundation of Knowledge: A Comparative Study in Islamic and Western Methods of Inquiry* (Malaysia: International Islamic University Malaysia, 1996), p. 8.

## The Axiology of HTI's *Khalifah* System

HTI identify themselves as Islamist parties engaged in politics, as well as the activity of coaching people with *saqafah* Islam.<sup>11</sup> One important discussion in HTI's political discourse is about the state and the government system. In this context, Islam does not fully distinguish between secular and sacred things. This is justified by Muhammad's leadership as a prophet and head of state. Likewise, *Khalifa al-Rasidin* was a substitute for the prophet in matters of religion and government. This condition as according to HTI lasted until the end of the Ottoman Turkish dynasty in 1924.

HTI's rational argument regarding the need for the establishment of *Daulah Islamiyyah* is in the need to uphold Islamic law. This argument is in line with Ibn Taimiyyah showing that sharia provisions cannot be realized without the existing of state. The difference is that he does not consider the *khalifah* as a form of government that must be followed.<sup>12</sup> Sharia supremacy must be seen in public life and legally guaranteed.<sup>13</sup> Referring to the core of the political doctrine of Ibn Taimiyyah, need for the establishment of a political regulation system to realize the ideals of the sharia.<sup>14</sup>

For HTI, The Islamic government is a unitary system centered on one *khalifah*. The *khalifah* cannot be dismissed by the people or representatives of the people. Without any real indication of leadership that is contrary to sharia, succession is not justified. However, they do not deny the importance of correction, criticism and advice to the *khalifah* through certain mechanisms.

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<sup>11</sup> Taqiyuddin An-Nabhani, *Maḥabim Hizḥut Tabrīr*, trans. Abdullah (Jakarta: HTI Press, 2001), p. 84.

<sup>12</sup> Khalid Abraham Jindan, *Teori Politik Islam* (Surabaya: Risalah Gusti, 1999), p. 43-44.

<sup>13</sup> Ibn Taimiyyah, *Al-Siyāsah al-Syar'īyah fī Iṣṭilāḥ al-Ra'ī wa al-Ra'īyah* (Egypt: Dār al-Kitāb al-'Arabi, 1969), p. 162.

<sup>14</sup> Ahmad Syafi'i Ma'arif, *Studi tentang Percaturan dalam Konstituante, Islam dan Masalah Keagamaan* (Jakarta: LP3ES, 1985), p. 33.

The extent of the *ḥalīfah*'s authority makes the concept of *syura* be less relevant in the concept of *ḥalīfah*. Yet, during its power (including laws making), the *ḥalīfah* is required to adhere to the sharia provisions stated in the Qur'an and *ḥadīṣ*. As a consequence of this provision, a *ḥalīfah* must master the method of withdrawing or determining Islamic law from its source (*istinbāt*). He is even required to be consistent with the method he has chosen as well.<sup>15</sup>

### The Epistemology of Islamic Political-Economics

Interdisciplinary Islamic politics and economic study is a combination of political and economic disciplines. The term political economy is used as the synonym or another term for "economics".<sup>16</sup> The focus of this study is general economic phenomena that are broken down and studied to become more specific; namely highlighting the interaction of economic factors with political factors. In its development, the term political economy always refers to the interaction between economic and political aspects.<sup>17</sup> This triggers many scientists from both sides to bring together by using approaches in political economy.<sup>18</sup>

The object of political-economic study is about how political factors influence the socio-economic conditions of the country.<sup>19</sup> The rational argument for HTI's political economy is the fact that currently no country in the world applies Islamic law. According to them, the current spirit of thought and application of Islamic economics does not touch the order of *al-manqāf al-dualī* (international constellation). For them, the influence of the constellation and international relations necessitates the existence of a system that makes Islam as the foundation

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<sup>15</sup> *Ibid.*, p. 73.

<sup>16</sup> Didick J. Rachbini, *Ekonomi Politik: Paradigma dan Teori Pilihan Publik* (Jakarta: Penerbit Ghalia Indonesia, 2002).

<sup>17</sup> *Ibid.*

<sup>18</sup> Martin Staniland, *What Is Political Economy* (London: Yale University Press, 1985).

<sup>19</sup> *Ibid.*

of domestic and foreign politics.<sup>20</sup>

In accordance to the above-described facts, political-economic studies cannot be separated from the study of individuals' attitudes in determining their choices rationally, including considerations of religiosity. Thus, economic-political analysis is directed at actors who are considered as actors of economic and political activities and based on the basic assumptions of methodological individualism, which places an individual's rational attitude in non-market institutions.<sup>21</sup>

Basically, the system is a "large organization" that intertwines several subjects or objects to create a system. Society forms a social or community system. The holistically integrated unit consists of parts that have their own characteristics and limitations. Thus, the economic system can be interpreted as a system which regulates and creates economic relations between people with a set of institutions in a life order. The most important aspect of the system is the "set of rules" or "order of life" (*mabda'*).<sup>22</sup>

Each division of government power such as *Wilayah al-Syurṭah*, *Wilayah al-Ḥukm*, and *Wilayah al-Ḥisbah* is intended to commanding the goodness and forbidding the evil (*amar ma'rūf nahi munkar*).<sup>23</sup> In this case, HTI underlines that these tasks become an obligation for every individual, group, party, member of the Community Assembly or the *Qaḍi Mahkamah Maẓālim*.<sup>24</sup> For example, *Ḥisbah* Council is responsible for monitoring the various practices prevailing in the society in order to avoid disputes which could threaten the people's rights.<sup>25</sup> *Ḥisbah* Council

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<sup>20</sup> Taqiyuddin An-Nabhani, *Konsep Politik Hizbut Tahrir*, trans. M. Shiddiq Al-Jawi (Jakarta: HTI Press, 2009), p. 6.

<sup>21</sup> Didick J. Rachbini, *Ekonomi Politik*..., p. 56.

<sup>22</sup> Taqiyuddin An-Nabhani, *Al-Takattul al-Ḥizbiyy*..., p. 4.

<sup>23</sup> Ibn Taimiyyah, *al-Hisbah fi al-Islam*..., p. 11; Al-Mawardī, *Al-Aḥkām al-Sulṭāniyyah*..., p. 70-83.

<sup>24</sup> Hizbut Tahrir Indonesia, *Manifesto Hizbut Tahrir untuk Indonesia* (Jakarta: HTI Press, 2009), p. 21

<sup>25</sup> HT, *Ajibizah Dawlah al-Khilāfah* (Beirut: Dār al-Ummah, 2005), p. 111.



is also competent to maintain obscenity, protect migrants from losses, and prevent all forms of deviation (*mukhālafāt*).<sup>26</sup>

Many Islamic economic literatures define *Ḥisbah* as market supervisory agency. This is often associated with the case of *ṣubrah al-ta'ām*, which occurred when the prophet was in the market and he found a seller who hid poor quality food ingredients at the bottom of display.<sup>27</sup> The command of the Messenger to show the ugliness of his goods is understood as an act of *ḥisbah*. Chapra provides a narrower meaning which shows that the task of *Ḥisbah* is to monitor market conditions in order to ensure fairness in the interaction between people and to prevent animals from violence.<sup>28</sup> HTI defines *Ḥisbah* within the more specific and technical definition. This institution is responsible for market prices, scales, illegal transactions, and so on. The basic competency of this institution is to deal with matters concerning public rights in general and the cases of *ḥudūd* and *jināyat*. This institution handles cases of public violations based on monitoring directly done by a *Muhtasib*.<sup>29</sup>

The discussion above which shows the difference between a country's economic system and the others' is meta-economic factors such as the outlook on life, noble values, and culture of a nation. An economic system is closely related to philosophy, worldview and people's lifestyle. The economic system is one of the elements of social life system. It becomes part of the ideology units of social life in a country. Therefore, the implementation of an economic system in a country often experiences frictions, conflicts or even challenges. The implementation of a particular economic system in a country will run smoothly if the community's institutional environment supports it.

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<sup>26</sup> *Ibid.*, p. 110.

<sup>27</sup> *Ibid.*, p. 109.

<sup>28</sup> Umer Chapra, *The Future of Economics: An Islamic Perspective* (UK: The Islamic Foundation, 2000), p. 73.

<sup>29</sup> Taqiyyuddin An-Nabhani, *Al-Daulah al-Islamiyah* (Beirut: Dār al-Ummah li al-Taba'ah wa al-Nasr wa al-Tauzi', 2002).

As a system of life, the economic system is closely related to other social systems that take place in society. In this world, there is a general tendency that the economic system in a country goes hand in hand with its political system, economic ideology goes hand in hand with political ideology.<sup>30</sup>

Basics Characteristic	Capitalism	Socialism	Communism	Islamic
Ownership of Production Factors	Individuals	Basic industries are controlled by the State, the rest are by the individuals	wholly owned by the state	Basic industries are controlled by the state, the rest are by individuals
Initiatives to establish a corporation	Individual, Partnership, Corporations	Joint Business in basic and the other individual industries	State	State and Individual ( <i>profit and loss sharing</i> )
Economic Initiatives	<i>Profit-oriented</i>	Economic and non- economic motives	Limited incentives	<i>Profit and non-profit</i>
price mechanism	Market( <i>supply &amp; demand</i> )	Government, bureaucracy	State	Market and bureaucra- tic law
Competition Climate	Very strong	Depending on state policy	Very weak	Strong
Organizational structure	Decentra- lization	Semi decentra- lization	Full centralization	Semi- decentra- lization
Activities Initiative	Materialistic	Socialistic	For ideology	Combined

Table of  
Worldview Political Economy System

<sup>30</sup> Taqiyuddin An-Nabhani, *Al-NiZaM al-IqtiSAdi fial-Islam*..., p. 15.

Political and Economics sciences were initially cognate which is known as political-economy, namely thought and policy analysis to seek state welfare.<sup>31</sup> The creation of prosperity is part of economic disciplines and management controlled by the state is part of political discussion. In other words, this study covers the problem of the economic system and government intervention on the community economy. This can be clearly seen from the term political economy which in general is defined as, “the science of wealth and deals with effort made by man to supply wants and satisfy desires.”<sup>32</sup> Therefore, political economy science has implications for two things; *first*, how to allocate limited resources efficiently to produce optimal output; *second*, to formulate a formulation of cooperation or competition in detail so that there is no conflict.<sup>33</sup>

The political-economic discourse does not address the role of the state or policy as a tool. This is understandable by considering that political-economic studies emerge from the perspective of capitalism, where ideally the state does not play a direct role in regulating the economy of the people. Policy models in political economy emphasize more on giving attention to explain who get benefits and bears the burden of regulation. The issue built by political-economic theory is how the government develops a mechanism that allows all participants in the market to share information. This is what underlies the process of negotiation. Negotiations facilitated by the government in a substantive manner are actually not “regulations”, but rather “rules” that force the two economic actors to sit together to reach an agreement.<sup>34</sup>

Public politics means that the output of politics is always a public concern. This is different from the economic orientation which has an

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<sup>31</sup> Mirriam Budiardjo, *Dasar-dasar Ilmu Politik* (Jakarta: PT Gramedia Pustaka Utama, 2003), p. 23.

<sup>32</sup> John Eatwell, Murray Milgate, and Peter Newman, (eds.), *The New Palgrave, A Dictionary of Economics* (London: Macmillan Press, 2009), p. 22.

<sup>33</sup> Ahmad Erani Yustika, *Ekonomi Politik Kajian Teoritis dan Analisis Empiris* (Yogyakarta: Pustaka Pelajar, 2011), p. 5.

<sup>34</sup> *Ibid.*, p. 7.

individual connotation. The hypothesis used in this case is that economics and politics from the beginning have different assumptions, so that combining economic and political analysis together (in conventional political economy) is an effort that will not work well.<sup>35</sup>

According to HTI, economic politics in Islam is the guarantee for the fulfillment of all basic needs (*al-ḥājat al-asāsiyyah*) for each individual as well as the secondary and tertiary needs (*al-ḥājat al-kamāliyyah*) appropriate with individual ability levels in the community.<sup>36</sup> The emphasis on individual prosperity in this definition indicates that the focal point of the solution to Islamic economic problems lies in the non-communal individual problems at the (national) aggregate level.

The emphasis of HTI's political economy is reaffirmed in its criticism of economic growth policies. The policy was practically unsuccessful to improve the standard of living and prosperity for individuals equally. This conventional politic-economics emphasizes on fulfilling the people's needs collectively which is reflected in the economic growth of a country. Therefore, the solution of economic problems is focused on goods and services that can be produced to achieve high economic growth, but not on the individuals. Thus, the economic discussion which is crucial to be solved is focused on increasing production.<sup>37</sup>

The idea of HTI on political-economic shows that state policies focus more on the welfare of individuals, not on the welfare of the state aggregately as written in national income statistics. Islamic political-economics guarantees each individual in a country to fulfill his primary needs. The state encourages and controls every man to have the ability to struggle and work. In other words, men must have the ability to access market mechanisms. The state applies sharia provisions to regulate all

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<sup>35</sup> *Ibid.*, p. 10.

<sup>36</sup> Taqiuddin An-Nabhani, *Al-Nizam al-Iqtisadi fi al-Islam*..., p. 32; Abdurrahman al-Maliki, *Politik Ekonomi Islam*, trans. Ibn Sholah (Bogor: Al Azhar Press, 2009), p. 37.

<sup>37</sup> *Ibid.*, p. 17.

community interactions and ensure the realization of values and virtue in each interaction, including economic interaction.

### Islamic Economic System

A system can be defined as an organization which consists of various elements which are interconnected, influence each other and work together to achieve certain goals.<sup>38</sup> Thus, the economic system can influence the desires and aspirations of a society, so that it will determine one's ideal personality.<sup>39</sup> In addition, the economic system can also determine the direction of economic policy for a particular country.

Every economic activity always involves several agents consisting of government, households, producers, financial institutions and other countries. Hence, all activities involving economic agents in order to solve economic problems require coordination in a system called the economic system. In terms of coordination, a basic concept is needed to accommodate various interests, especially those of the economic agents. Accordingly, guidance regarding historical-constitutional, moral-ideological and practical operational aspects which is called economic system is needed.

Unlike the comparative studies of the Islamic economic system in general, the style of HTI discussion is emphasized on criticizing and revealing the weaknesses and failures of economic systems other than Islam.<sup>40</sup> The danger posed by these failures has actually been felt by

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<sup>38</sup> Nasution, *Pengenalan Eksklusif Ekonomi Islam* (Jakarta: Kencana Prenada Group, 2007).

<sup>39</sup> John Rawls, *A Theory of Justice* (Cambridge, Massachusetts: Harvard University Press, 1971), p. 29.

<sup>40</sup> For example, HTI's critique of capitalism was discussed at the *Conference of People's Figures: the Welfare State's Best Model Khilafah*, June 10, 2012 entitled "A Growing, Stable and Prosperous Islamic Economic Development Model." All speakers first explained shortcomings, weaknesses and depravity which resulted from the application of the capitalism system in Indonesia to then offer a solution from Islam.

the economists throughout the history of conventional economics.<sup>41</sup> In accordance with the struggle of thought (*sira 'al-fikr*) method, these failures are always used as a “gap research” for almost all discourses of their ideal economic system.

Many countries try to implement welfare economics to answer the above problems. Various versions have also been offered, ranging from “half-way” versions like the United States to more concrete forms like Sweden. Most of these ideas rest on classical economic thought in the cluster of the linear-stage theory from Rostow and Harrod-Domar. This model makes economic growth, capital stock and savings ratio as the main goal. Welfare is defined in the form of the individual's desires that do not give space to altruism for the welfare of all people. In fact, it leads to *wertfreiheit* or free from value considerations as positive economics.<sup>42</sup> Many economists from among themselves<sup>43</sup> criticize the approach.

These failures encouraged a number of economists to look for a new paradigm.<sup>44</sup> The paradigm is the source of the fact that “economic rationalism” has its own limitations, so that the very high and excessive position given by the European enlightenment movement needs to be lowered down to a more realistic level. In this new paradigm there is an increased awareness that personal interests and competition are not the main determinants behind human actions.

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<sup>41</sup> For example Sismondi (1773-1842), Carlyle (1795-1881), Ruskin (1819-1900), Hobson (1858-1940), Tawney (1880-1962), Schumacher (1891-1971) and Boulding (1910-1993).

<sup>42</sup> M. Umer Chapra, *The Future of Economics*..., p. 47.

<sup>43</sup> Sharp views for example: Hutchinson, TW, “Positive Economics and Policy Judgment” (London: Alien & Unwin, 1964); Gunnar Myrdal, “Objectivity in Social Research” (London: Gerald Duckworth, 1970); Robert L. Heilbroner, “Economics as a ‘Value-Free’ Science” (Social Research, 1973, p. 129-142).

<sup>44</sup> For example: Kurt Dopfer with the book he edited *Economics in The Future: Towards a New Paradigm* (London: Macmilan, 1976); Thomas Balogh with his book *The Irrelevance of Conventional Economics* (London: Weidenfeld & Nicolson, 1982); David Bell and Irving Kristol with the book he edited *The Crisis of Economics Theory* (New York: Basic Books, 1981).

The role of altruism, cooperation, moral values, social actions in society and fulfillment of life needs and socio-economic justice needs to get attention. This subsequently encourages the development of several different schools of thought from the mainstream view. Some of the alternative economics schools of thought according to Chapra are: grant economics, humanistic economics, social economics and institutional economics.<sup>45</sup> In Condro's observation, the Central Management Board (DPP) of HTI before being frozen, various critical analyses and studies on evaluation of development policies and economic performance of Muslim countries show that imitation strategies fail to create prosperity.<sup>46</sup> For example, the political economy of growth is incompatible with reality, and it does not increase equitable prosperity. These conventional economies focus on fulfilling human needs collectively which is reflected in the economic growth of a country. As a result, the solution to economic problems is focused on goods and services that can be produced to achieve high economic growth, but not the individuals. Therefore, the crucial economic discussion to be solved focused on increasing production.<sup>47</sup>

The solution to the complicated problems faced by the third world must be started by putting the right framework of thinking in which a new premise that the development of the economic system within the framework of Islamic teachings and the economics of Islamic development rooted from the framework of sharia must be launched. For HTI, the Islamic economic system cannot adapt or adopt and integrate it with both capitalist and socialist systems, because each is developed from a totally different *mabda*.<sup>48</sup>

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<sup>45</sup> M. Umer Chapra, *The Future of Economics*..., p. 49-53.

<sup>46</sup> Dwi Condro Triono, "Politik Ekonomi Islam untuk Pertumbuhan Stabil dan Menyejahterakan," *Konferensi Tokoh Umat: Khilafah Model Terbaik Negara yang Menyejahterakan*, UMY, June 10, 2012, was organized by HTI.

<sup>47</sup> Hizbut Tahrir Indonesia, *Manifesto Hizbut Tabrir*..., p. 23.

<sup>48</sup> Taqiuddin An-Nabhani, *Nizām al-Nabā'any*..., p. 22.

The economic system developed in the West (capitalist countries, socialists and its derivatives followers) is much influenced by unique characteristics, specific problems, explicit and implicit values and socio-political-economic infrastructure that is typical of their own civilization.<sup>49</sup> This will cause great difficulties and even tend to be counterproductive when it is forced to be fully adopted into the Muslim community. This is due to a fundamental difference in the form of social systems from each civilization. Therefore, Taquyiddin An-Nabhani emphasized that the Islamic approach must be clearly ideological and values-oriented.<sup>50</sup> The concept of economic development is always bound by local cultural, social and political conditions. Islamic economic system has a special and unique understanding. Some aspects of the development of the economic system, such as social justice and human rights, have similarities with Western concepts, although there are many differences and have different basis.

According to the spokesman for HTI, Islamic economic values can only be well implemented through the support of an Islamic system. Without an appropriate system, the practice of Islamic economics will only be at the individual or corporate level.<sup>51</sup> So the existence of the Islamic economic system is as a consequence of the Islamic worldview.

According to ‘Abd al-Qadim Zallūm, the basic principles that must be considered in building an Islamic economic system include three things: 1) How assets are acquired-ownership (*al-milkiyah*), 2) How to manage property ownership (*tasarruf fi al-milkiyah*), 3) How is the distribution of wealth (*tauzi ‘al-sarwah bayn al-nās*).<sup>52</sup>

The important role of the state in the economic system can be seen from the portion of HTI’s economic studies on *bayt al-māl* which has an abundant number of primary literatures (*mutabannat* books).

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<sup>49</sup> Khursid Ahmad, “Pembangunan Ekonomi...”, p. 7-8.

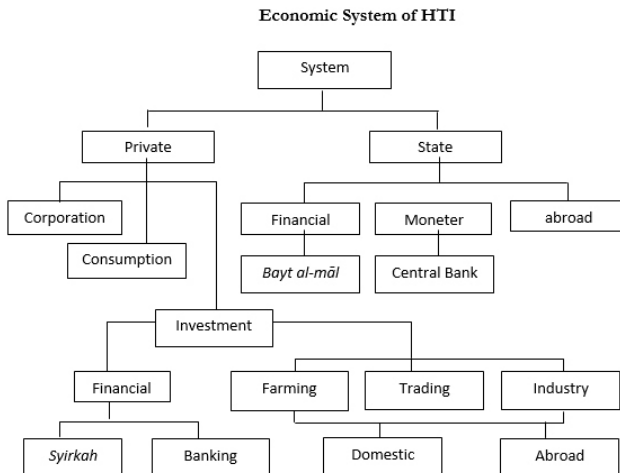
<sup>50</sup> Taqiyuddin An-Nabhani, *Al-Nizām al-Iqtisādī*..., p. 14.

<sup>51</sup> M. Ismail Yusanto and M. Arif Yunus, *Pengantar Ekonomi Islam*..., p. 9-10.

<sup>52</sup> ‘Abd al-Qadim Zallūm, *Al-Ammāl fi Daulah al-Khilāfah* (Dār al-Ilmi Lilmalāyîn, 2004).



This is somewhat different from Islamic economic studies in general, which emphasizes on the role of the state in the economy at *Hisbah* institutions.<sup>53</sup> Broadly speaking, HTI economic system can be described in the following scheme:



*Source: M. Ismail Yusanto and M. Arif Yunus*

As seen from the above table, the authority of government policies, both fiscal and monetary, are not separated from existing governmental structures (executive institutions) as in the capitalist economic system. Fiscal and monetary policies are under the coordination of *bayt al-māl*. Thus, there is no need for coordination or discussion whether the monetary authority with the executive institution needs to be separated or not in order to take a policy.<sup>54</sup>

<sup>53</sup> Al-Faruqi for example, stated that *hisbah* is a typical Islamic institution which has a major contribution to human civilization. See, Isma'il Raji al-Faruqi, *The Cultural Atlas of Islam* (New York: Macmillan Publishing Company, 1986), p. 150. The roles of the state that usually attributed to *Hisbah* include the oversight of trading and price regulation, monitoring market activity, testing of a medium of exchange or means of scales that are used by traders, oversees the possibility adanva landfill, and the various transactions that are prohibited by Islam .

<sup>54</sup> Jaribah ibn Ahmad Al-Harisi, *Fikih Ekonomi Umar bin Al Khathab* (Jakarta: Khalifa, 2006), p. 339-348.

## State Intervention (*Khilafah*) in Economic

The main concern on economics as according to supporters of the neo-liberalism approach is how to create or increase wealth or prosperity. Therefore, economic development is defined as an effort to accumulate capital; whose success is measured by annual gross national product. In the development process, all aspects that can boost capital accumulation receive special attention. The process of capital accumulation is organized through the mechanism of transactions or exchanges in the market. Thus, this conventional economics evolves into market knowledge. The focus of this scientific discipline covers only productive activities through market mechanisms. As a result, the farmers' product for their own consumption is not "recognized" as an economic activity, and it is neglected in the statistics of gross domestic product because it is not included in market transactions. Likewise, the work of productive women in carrying out their domestic jobs is not counted as national income because it is not related to market transactions.

This methodology supports a point of view which focuses on empirical and visible material issues prioritizing measurable variables, so that for them, "something which is not measurable cannot be analyzed." As a result, many important normative issues are ignored. Even the supporters of this methodology tend to be neutral towards these ethical and moral values, such as justice. Hence, it is not surprising that the main issue discussed by the policy makers who think on the basis of positivistic science is the question of how to enlarge the national "cake." It is particularly about how to increase wealth and prosperity through promoting transactions in the market i.e. capital accumulation in the market. In this case, the success is assessed from the aspect of capital growth.

The *fuqaha* (master of *fikih*) have comprehensively discussed the issue of state responsibility. According to al-Mawardi, the responsibility of an Islamic government covers issues on defense, law and legislation,

preaching, *amar makruf*, fulfilling the needs of the people, administration and development.<sup>55</sup> In al-Ghazali's view, the responsibility is emphasized on fulfilling the needs of the people. Public infrastructure in the study of Islamic economics development is wellknown as *marāfiq al-jama'ah*.<sup>56</sup> In this case, the state only needs to regulate various community interests (*maṣāliḥ*). Yet, the economical and political activities of various countries differ fundamentally. For countries which do not implement any *mabda*, then *maṣlahah* will be the only factor affecting international relations. As for the country that adheres to a particular *mabda* and carries out the ideology throughout the world, this ideology will then be a determinant factor in its international relations.<sup>57</sup> This view is in line with Abu Yusuf's theory of the state role stating that the state is obliged to maintain the interests of the people and create prosperity for them.

The public benefit approach is a philosophical foundation for every thought and theory about state administration. Abu Yusuf explained that the main task of the state actually varies, depending on the needs of each region by considering the benefit of the people.<sup>58</sup> In this case the *fuqaha* gave different emphases but they were still in the same scope. The state role theory developed in the Islamic economic system cannot be equated with the form of "interference" as the style of *laissez faire* capitalism. Nor is it in the form of collectivism that suppresses freedom and weakens individual motivation and effort.<sup>59</sup>

In line with these views, HTI states that the main role of the state is to restructure private property rights and ensure the minimum

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<sup>55</sup> Al-Mawardi, *Al-Aḥkām al-Sultāniyah* (al-Qahirah: Mustafa al-Babi al-Halabi, 1996), p. 15-16.

<sup>56</sup> Ali Ahmad al-Salus, *Mausu'ah Al-Qadhaya Al-Fikihiyah Al-Mu'ashirah wa Al-Iqtisadi a-Islami* (Qatar: Dar ats-Tsaqafah, 2002), p. 37.

<sup>57</sup> *Ibid.*, p. 5.

<sup>58</sup> Abu Yusuf, *al-Kharāj* (Cairo: Maktabah Salafiyah, 1382 H), p. 92.

<sup>59</sup> M. Umer Chapra, *Islam and the Economic Challenge*, (USA: The International Institute of Islamic Thought, 1992), p. 223

standard of living for all individuals in society.<sup>60</sup> In this case, the state is an institution that has the authority to implement it. The state has an obligation to regulate the implementation of the Islamic political-economic system applied in a society. Yusanto insisted that the role of the state in the economy is part of the Islamic economic system which is determined and limited by sharia laws.<sup>61</sup>

The highest goal of *khilafah* establishing is to enforce the law of God.<sup>62</sup> Therefore, exploration of the state role as according to Ibn Taimiyyah is important in this study, considering that his views are closer to the mindset of HTI. For Taimiyyah, a leader of the country who is elected to take control of the state must carry out the state functions and policies in accordance with the laws of God. A good leader is the one who follows the instructions and example of the Messenger of Allah and his companions. Explicitly, Yusanto and Yunus affirmed Ibn Taimiyyah's statement above by stating that the implementation of Islamic state is essentially carrying out sharia laws, not to bring public benefits.<sup>63</sup> On the other hand, HTI acknowledges that the targets desired by these laws are to address various interests of the community, namely ensuring the fulfillment of all basic needs for each individual as well as their secondary needs in accordance with the level of their abilities.<sup>64</sup>

Economic problems will arise when everyone tries to access these satisfying tools. This means that the economic problem will actually arise from the way they get the means of satisfying their needs. According to HTI, the main problem in Islamic economics does not lie in the problem of scarcity, so that the issue of "what, how and for whom" commodities

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<sup>60</sup> Editor, "Ekonomi yang Menyejahterakan," *Journal Al-Wa'ie*, No. 142, XII, June 2012; Hafidz Abdurrahman, *Islam: Politik dan Spiritual* (Singapura: Lisan UIHaq, 1998)

<sup>61</sup> M. Ismail Yusanto and M. Arif Yunus, *Pengantar Ekonomi Islam*..., p. 319.

<sup>62</sup> Ibn Taimiyyah, *Al-Siyāsah al-Syar'iyah*..., p. 60-61.

<sup>63</sup> M. Ismail Yusanto and M. Arif Yunus, *Pengantar Ekonomi Islam* ..., p. 318.

<sup>64</sup> Abdurrahman Al Maliki, *Politik Ekonomi Islam*..., p. 43.

will be produced, not to prioritize on discussion of Islamic economics.<sup>65</sup> In short, the real economic problem is how people obtain utility, but not how to produce their needs that can provide utilities for them.<sup>66</sup>

The real economic problem is the non-fulfillment of the basic needs of each individual in society. The available natural resources are actually sufficient to meet the basic needs of people. Still, there is inequality of the goods distribution; there will always be people who are unable to meet their basic needs properly. Accordingly, the real economic problem is the chaos of distribution of goods in society. To overcome this problem, an Islamic economic system is needed to give great attention to improve the distribution of wealth while paying attention to aspects of production and growth.<sup>67</sup> Concerning with the issues of natural resource and state wealth, the main tasks of government administrators are to realize and guarantee the welfare of the people. The state is obliged to fulfill the needs of the people and develop various policies which are public prosperity-oriented.<sup>68</sup> Islam seeks to combine personal initiatives with government intervention in order to achieve “social balance.”<sup>69</sup> The main role of the state is thus to restructure the rights of private property and to ensure the minimum standard of living for all individuals in society.<sup>70</sup>

In HTI's view, Islam places individuals in their positions as property owners who have the right to use their ownership without direct state interference. Individuals are the main factor in economic activities and state acts as a facilitator that protects individual rights and regulates them to conform to sharia principles.

The most important role of a state in the economic field is to ensure the fulfillment of the basic needs of a community as a whole. However,

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<sup>65</sup> Dwi Condro Triono, *Ekonomi Islam Madzhab Hamfara, Falsafah Ekonomi Islam* (Bantul: Irtikaz, 2011).

<sup>66</sup> *Ibid.*

<sup>67</sup> Muhammad Riza Rosadi, “Kehidupan Ekonomi...

<sup>68</sup> Abu Yusuf, *Kharaj*..., p. 15.

<sup>69</sup> Syed Nawab Haider Naqvi, *Islam, Economics, and Society*..., p. 94.

<sup>70</sup> M. Ismail Yusanto and M. Arif Yunus, *Pengantar Ekonomi Islam*..., p. 167.

once again it must be emphasized on the application of sharia remains to be the key word for the state intervention model in the HTI's version of the economy. To accept the Islamic law is a function of *ṭab'īyyah*, namely a legitimacy for citizens to obtain their rights (including in the economic field).

In its coordination aspect, a state must formulate sharia provisions in the form of state legislation and that of spiritual. HTI views that the application of Islamic economic law is not sufficient only in the form of religious-spiritual expressions.<sup>71</sup> When the *khilāfah* has established the law, the *istinbāt* must be applied to all Muslims. Thus, the submission of citizens to the mechanism of sharia law set by the *khilāfah* is absolute.<sup>72</sup>

Infrastructure projects and public facilities are the responsibility of the state by considering the laws of balance (*aḥkām al-muwāzānah*).<sup>73</sup> This law also demands that all matters related to the public interest or public ownership is controlled by the state, not to be managed by the private sector or individuals. On the contrary, the production activities which are not related to public ownership are categorized as individual ownership, so that the state is allowed to possess it. Accordingly, although the implementation is universal, the construction of projects for production must also be in accordance with the provisions of sharia. The above discussion shows that in HTI's political-economic discourse, the intervention of *khilāfah* in the economy system is seen as an obligation. These interventions are needed to ensure economic harmony with Islamic norms.<sup>74</sup>

## Conclusion

The above discussion reveals the entanglement of political Islam and the new global economy and argues the connectivity of Islam as a

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<sup>71</sup> Taqīyuddīn An-Nabhānī, *Al-Dawlah al-Islamiyah* (Beirut: Dār al-Ummah li al-Taba'ah wa al-Nasr wa al-Tauzi', 2002), p. 66.

<sup>72</sup> *Ibid.*, p. 3.

<sup>73</sup> *Ibid.*

<sup>74</sup> 'Abd al-Qadīm Zallūm, *Al-Ammāl fī Dawlah al-Khilāfah*..., p. 12.

global political and economic forces. It studies the Islamist organisation of Hizbut Tahrir Indonesia/HTI and its epistemic fields on political Islam and the global economy. The Quranic concept of *khilafah* explains the globalised Islam in political and economic system as the HTI has struggled. The *khilafah* does not only offers a new global political system, but also resorts as a challenge to the capitalist economy of contemporary global system. It also explains the HTI's criticism against the western civilisation that is particularly as damaging and injustice world system. In so doing, the political economic concept of the HTI addresses distributive of economy, rather than production which reserves as the most important element of contemporary economic world system. The HTI, translating the Islamic economy (*iqtiṣād*) proposed by Taqiyyuddin an-Nabhani, the founder of the Hizbut Tahrir, distinguishes between economics and economic system. The scope of economics is limited to the productivity of goods and services, whereas the notion of economic systems includes the rights to access and economic resources and the distribution of economic goods. This economic system is ideological rather than technical as translating a particular view. Islamic economy, as the HTI understands, offers a just and equality for accessing economic resources and enjoying the economic virtues. Thus, the HTI calls to change "the global economic system" through the concept of *khilafah*.

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