



Design and Characteristics of Islamic Economy: An Alternative Solution to the Global Crisis

Kamali^{1*}, Ali Murtadho², Ridan Muhtadi³, Denizar Abdurrahman Mi'raj⁴

Institut Agama Islam Miftahul Ulum Pamekasan, Indonesia¹

Universitas Islam Negeri Walisongo Semarang, Indonesia²

Universitas Islam Negeri Kiai Haji Achmad Siddiq Jember, Indonesia³

Sakarya University, Turkey⁴

Corresponding Email: kamaliahmad999@gmail.com*

Received: 04-11-2024

Reviewed: 12-12-2024

Accepted: 05-02-2025

Abstract

The failure of the conventional economic system has been clear in world economic history. The occurrence of global crises is the result of the application of the interest system as a result of capitalism and the collapse of the Soviet Union as a tangible form of the failure of the socialist economic system led to the awareness of economists to review the two conventional systems and even require other alternatives that are more ethical and humane so that the same thing does not happen. The Islamic economic system meets these criteria. However, the Islamic economic system cannot be implemented without the support of knowledge about the characteristics and design of the Islamic economy. This study aims to explore the concepts of Islamic economics that are unique compared to the conventional economic system, the design of Islamic economics, and its implementation to anticipate the global crisis. The approach used in this research is a qualitative approach with a systematic literature review method. Data were obtained from scientific journals, books, and official documents relevant to the research topic. The analysis is done descriptively analytically to explore the main characteristics of Islamic economics and develop the system design. The results show that the Islamic economic system that offers a profit-sharing system, as applied in Islamic banks, is resilient in the face of the global crisis. In addition, the impact of the worldwide crisis that adversely affects poverty can be overcome through the instruments of Zakat, Infaq, Sadaqah, and Waqf, which are therefore essential to institutionalize and manage properly, transparently and accountably.

Keywords: Characteristics, Design, Sharia Economy, Global Crisis

Introduction

In the history of economic thought, two main economic systems have dominated the world, namely capitalist economics and socialist economics. Indah Piliyanti considers that an economic system prevails in a country based on the concept of ownership, production and consumption adopted by the local community (Piliyanti, 2009). Capitalism is a modified result of laissez-faire has collapsed. Capitalism has led to contrasting economic disparities and inequality in the distribution of the means of production that only circulate in some groups (Fauroni, 2019). The division between rich and poor groups is due to the materialistic spirit born of capitalism, which in turn will form individualistic attitudes, thus exacerbating the gap between individuals and community groups ((P3EI), 2015)

The other side of the failure of the capitalist system is the crisis and rampant crime caused by the increase in unemployment due to the death of producers. This is due to the increased demand for producers of certain luxury commodities from large capital owners, forcing the market to absorb them (Ahmed, 2010). The financial crisis of 2008 cannot be separated from the basic character of capitalism, which is the foundation of the mainstream economic system,

especially that of the United States and several countries worldwide. In the capitalist system, markets are considered to have the ability to be self-corrected to reach equilibrium whenever disturbances occur. This view, known as market fundamentalism, has become the dominant ideology. As a result, speculation in financial transactions has flourished, triggering the formation of a bubble economy that has no real basis. This situation is ultimately only a matter of time before it collapses, bringing far-reaching negative impacts and effects to the economy (Hamid, 2009).

Indonesia itself experienced a crisis in 1997-1998, which showed that failures in market mechanisms adversely affected the economy and prompted the government to get involved in overcoming the situation by allocating funds to save the national economy. The allocation of funds to save economic actors, especially banks that collapsed, was sourced from the people through taxes and other state revenues. This situation reflects the imperfection of the capitalist system, where speculative behaviour by market players burdens the public, who ironically never benefit from the economic system (Astuty, 2015).

In addition, as part of the weakness of the capitalist system, monopolistic practices are increasing, both empirically and juridically, which is part of an effort to discourage competition. Meanwhile, regulations that support monopolies or semi-monopolies are often designed to maximize profits by exploiting legal loopholes, especially through regulating production and increasing costs through regulatory strengthening strategies. Some parties even deliberately damage production materials or prohibit activities in certain agricultural and industrial sectors in order to raise commodity prices. As a result, the values of cooperation, sympathy, equality and mutual support in social life are slowly disappearing (at-Tariqi, 2004). In countries that follow the capitalist system, scepticism towards the free market mechanism is growing. The inability of the free market to realize justice in the use of resources is increasingly apparent. In addition, perfect competition has never really materialized in reality. On the other hand, monopoly and oligopoly practices have contributed greatly to income inequality and wealth distribution (Baidhaw, 2007).

In the context of the global economy, globalization is often seen as a form of global capitalism that favours big investors. Through globalization, global capitalism, which tends to be greedy, operates in a way that damages many aspects of world economic life. This condition then led to rejecting these capitalist practices (Hamid, 2009).

One of them is the emergence of a global anti-capitalist movement that calls for developing micro-relationships between producers and consumers that support social justice and economic independence, so markets need to be directed to achieve these goals. Meanwhile, the anti-capitalist reformist movement demanded the regulation of capitalism as it was implemented after World War II. In addition, anti-capitalist socialists argue that the only alternative to capitalism that is compatible with modernization is the implementation of a democratically planned economy (Callinicos, 2003).

The emergence of this movement shows that the capitalist system has not been able to realize economic prosperity and justice for the community and has even failed because it has caused the emergence of world economic problems such as social inequality, injustice and financial crises (Jumiati & Rohmah, 2022).

Karl Marx was very serious in addressing the failure of the capitalist economy. He was a socialist figure who criticized capitalism concerning capital. According to him, capital must be

owned by a common institution, namely the state. Therefore, he argued that socialism could be achieved through political channels. This is in contrast to capitalism, which upholds individual ownership. However, the fact is that socialism, like capitalism, is not free from attack and criticism.

Socialism is an ideology that aims to offer equality, prosperity, justice and well-being. Its followers believe that socialism can create a paradise world free from exploitation, injustice and poverty. However, history speaks otherwise, as socialism in its implementation often brings negative impacts, such as poverty, slavery, and totalitarianism (Anggraeni et al., 2022). The socialist system is considered to have failed and cannot provide solutions for the community's welfare. As a result, this system collapsed by itself. The breakup of the Soviet Union into several states and the fall of the Berlin Wall marked the failure of the socialist economic system. The Soviet Union, the victorious superpower of World War II from 1947-1991, became the centre of the Eastern Bloc communist alliance during the Cold War. The collapse of the Soviet Union began with the weakening of the economy in the 1980s (Anggraeni et al., 2022).

These facts show that what Mark had envisioned was just an unattainable dream. The failure of these two economic systems (capitalist and socialist) requires a more ethical and humane alternative to achieve equitable welfare. As explained earlier, the global crisis is the culprit of the capitalist system. The main cause of this problem is the imbalance between the monetary (financial) and the real sectors, which is called usury in the Islamic view. The financial sector is growing rapidly but far behind the real industry. The capitalist economic system has no link between the two sectors. This is evident in the global crisis that began in America, which was caused by the creation of financial derivative instruments that triggered bad debts and hampered the flow of money to the real sector (Diaw, 2015).

The practice of usury has devastated the financial industry, leading to the global crisis. In the Islamic economic system, the practice of usury is a prohibited action because it will lead to destruction; the practice of usury is a *dzolim* action, which is therefore highly condemned in Islam. In addition, the Islamic economy in relation to ownership, has a unique view compared to the capitalist system and the socialist system. In the socialist system, the concept of ownership has led to failure towards the expected ideals. The collapse of the Soviet Union is clear evidence that the socialist system has failed and is unable to realize its ideals. Considering the facts above, studying the Islamic economic system is important to be put forward as a solution to anticipate the previously occurring problems that were born from the womb of socialism and capitalism.

The Islamic economic system offers a fairer, more balanced, and more ethical approach, prioritizing justice in every economic transaction, which is very relevant as an alternative that can be a solution to the various challenges that arise from the conventional economic system. However, these concepts will only be an academic discussion if they are not continued into an applicable system, so it becomes important to study Islamic economics's characteristics and design further.

This research aims to explore the concepts of Islamic economics that are unique compared to the conventional economic system, the design of Islamic economics, and its implementation in an effort to anticipate the global crisis. The benefits of this research are that

it provides an understanding of the characteristics of Islamic economics and guidance in practically applying the concepts of Islamic economics so that it can be a practical solution in anticipating the global crisis.

Literature Review

Pristiwiyanto, in his study, stated that to overcome the global financial crisis, the presence of an Islamic economic system is an undeniable solution. This is because the principles contained in the Islamic economy have advantages that are not owned by the conventional economic system. These advantages are the main key to overcoming the global crisis. These principles can provide support and strengthen the economy (Pristiwiyanto, 2020).

This system is considered contrary to human nature because it seeks to remove individual ownership, even though it is human nature and instinct to sustain life (Sholahuddin, 2001). The restriction of individual ownership has killed creativity (Anggraeni et al., 2022). As a result, the implementation of the socialist economic system failed and ended in the country of its adherents. Many people who felt that their creativity was held hostage so that they did not have the price of production and followed by other problems attempted to take action to rebel, ultimately leading to the collapse of the Soviet Union, which at that time was a country that embraced socialism. Seeing these events, many countries then took the initiative to adopt a more stable economic system following their conditions and avoid the application of extreme systems, so they tend to choose economic systems that are more generally accepted (Anggraeni et al., 2022).

Research method

The approach used in this research is a qualitative approach with a systematic literature review method. Data were obtained from scientific journals, books, and official documents relevant to the research topic. The analysis is done descriptively analytically to explore the main characteristics of Islamic economics and develop the system design.

Result and Discussion

1. Basic Concepts of Islamic Economics

Etymologically, the word economy comes from the Greek word "oikos" means household, while "nomos" means rule, so the economy can be understood as a set of household rules. However, the scope of the economy is not limited to the family alone; it also includes villages, cities, and even countries.

The terminology of Islamic economics according to Muslim economists, as quoted by Rozalinda is: (Rozalinda, 2019)

- a. According to Kursyid Ahmad, Islamic Economics is a systematic approach to addressing economic problems and regulating the behaviour of individuals and groups by promoting principles taken from an Islamic perspective.
- b. According to Muhammad Nejatullah Ash-Shidiq, the efforts and responses of Muslim scholars in dealing with economic problems are based on the Qur'an, sunnah, reason (ijtihad), and experience.
- c. According to M. Umer Chapra, is the allocation and distribution of limited resources carried out based on Islamic principles by not giving full freedom to individuals,

avoiding environmental imbalances, and ensuring the state's sustainable role in achieving happiness in life.

- d. According to M. Abdul Manan, Islamic Economics is a social science designed to overcome various economic problems society faces based on Sharia values.

From the definitions of these economists, it can be concluded that Islamic economics is a science that studies economic issues extracted from Nash and ijthad.

2. Characteristics of Islamic Economics

Each economic system has its own characteristics that distinguish one particular economic system with other economic systems, including the Islamic economic system has certain characteristics that distinguish it from other economic systems. According to Abdul Ghafur, the characteristics of Islamic economics include: first, Rabbaniyah al-masdar (sourced from God) (Ghofur, 2020). This characteristic characterizes that the Islamic economy comes from God, one of whose goals is to minimize inequality. Second: Rabbaniyah al-Hadf (aiming for God). This characteristic shows that Islamic economic activity, as well as other worship activities, must be obeyed because God also holds every human behaviour, including economic activity, accountable. Third: al-Roqobah al-Mazdujah (control inside and outside). This characteristic shows that Islamic economics requires inherent supervision for all humans involved in it.

These characteristics of Islamic economics at least include the purpose of Islamic economics, moral position in Islamic economics, basic values in Islamic economics, economic principles in Sharia, the basis of Islamic economic policy and Islamic economic paradigm (Ika Yunia Fauzia & Riyadi, 2014). The ultimate goal of Islamic economics is to achieve happiness in the world and the hereafter, known as falah, by referring to the maqoshid sharia framework. Unlike conventional economic systems that tend to be materialistic and secular, this happiness is the ultimate goal desired by every human being, leading to pseudo-happiness and spiritual dryness ((P3EI), 2015).

The characteristics of Islamic economics are as follows (Nasution, 2010):

- a. Akidah, Sharia and morals related to the economy

In Islam, every human activity, including economic activity, is related to creed, Sharia and morals. Allah is a god who has created everything in the universe, including humans themselves, who, therefore, must obey the rules of Allah both in the normative order (Sharia) and morals (morals). So economic activities that harm others are not justified, such as hoarding, exploitation, fraud, usury, etc.

Tawhid is the main foundation in the building of Islamic economics. The next foundation is Sharia and morality. The implementation of Sharia and ethics reflects the manifestation of Tawhid. If the foundation of Tawhid is not strong, the implementation of Sharia and morality will be hampered. From this foundation, nine derived principles are born, which become the pillars of Islamic economic philosophy as follows:

- 1) Tawhid

According to Ibn Taymiyyah, the essence of Tawhid is full submission to the will of Allah, covering aspects of worship and social interaction. Every behaviour should be directed to form a pattern of life following His will (Taimiyah, 1416H). Ibnul Qayyim

explained that Tawhid in the economic field demands that every economic activity be based on the teachings of Allah, carried out following His rules, and aimed at increasing piety to Him (al-Jauziyyah, 1995).

2) Moral

The main mission of the Prophet Muhammad PBUH was morals because morals are the key to the realization of a building system; without morals the system that is built will be useless and cannot be realized. Compliance with a promulgated system becomes an important origin so that the regulation positively impacts every dimension of activity, including economic activity. Morals are the embodiment of the great qualities of the Prophets and messengers of Allah in every economic activity, namely shiddiq (honesty), tabligh (conveying the truth), amanah (trust), and fathanah (intelligence).

Shiddiq means having honesty and truthfulness which must be the main foundation for a Muslim. This trait encourages effectiveness and efficiency in work. A Muslim will strive to achieve optimal results from each task in the right way. In addition, every activity is done correctly by applying efficient techniques and methods (Rozalinda, 2019).

Tabligh means conveying the truth. Every Muslim should call for the good and prevent the bad. In the economic context, the tabligh principle is realized through transparency, an atmosphere of openness, and giving each other advice based on the truth (Rozalinda, 2019).

Amanah means trustworthy, the nature of ibi must be held tightly by a Muslim because maintaining trust will give birth to a form of responsibility and credibility in the individual. In the world of economics and business, trust has a very important role to ensure the smooth running of economic activity. If every economic actor holds trust well, then negative practices such as corruption, fraud, speculation, and other economic problems can be avoided (Rozalinda, 2019).

Fathonah means intelligence, intellect and wisdom. Every Muslim must possess this trait. The embodiment of this trait is how a Muslim in carrying out activities, must be based on knowledge so that whatever work is done runs effectively and efficiently and avoids fraud, a Muslim must optimize the potential of the mind given by Allah to him (Rozalinda, 2019).

3) Maslahah

In general, maslahah means goodness both in this world and the hereafter. According to ushul fiqh scholars, maslahah is understood as everything that brings benefits and goodness and prevents damage. Imam Al-Ghazali says the benefit is achieved if the five basic objectives are religion, soul, offspring, property, and intellect. According to him, with the maintenance of these five basic goals, the goal of human life to achieve goodness in this world and the hereafter will be realized (al-Ghazali, 1992).

4) Fair

Ibn Taymiyyah stated that justice must be upheld. Its enforcement includes economic justice and the reduction of income inequality. Allah revealed Islam as a rule of life for humans, emphasizing the importance of justice in every sector, including the economy (Taimiyah, 1416H).

In the Quran, the word "justice" is mentioned more than a thousand times after the words "Allah" and "al-ma'rifah" (knowledge) (Kahf, 1987). According to Ali Shariati, two-thirds of the verses in the Quran discuss the obligation to uphold justice and condemn injustice, using words such as *zhulm*, *itsm*, *dhalal*, and others (Khadduri, 1984). This fact implies that justice has a deep meaning and is very important in Islam, covering all aspects of life. The principle of justice and its application in various spheres of life is one of Islam's greatest contributions to humanity. Islam offers practical solutions through moral improvement, government intervention, and strict application of the law (al-Maududi, 1986).

In Islam, complete equality, as in socialism, is not considered fair, but rather a form of injustice. This is because Islam values merit, individual ability, and work ethic and distinguishes them from the lazy. This principle is based on the understanding that income differences are part of *sunnatullah*, and that work ethic and ability are important factors. Islam recognizes that a person's income can differ based on his or her efforts. As stated in the word of Allah, "Verily, Allah exaggerates the sustenance of some of you over others." (QS. An-Nahl;71). However, those who are given an advantage in sustenance are obliged to distribute it to the less fortunate (*dhu'afa*). Thus, the entire community can be spared from poverty, which is a noble ideal in Islam.

5) Caliph (Khalifah)

In the Qur'an, Allah created humans as *khalifah fil ardl* (QS. Al-Baqarah: 30). Allah gave him the mandate to manage the resources humans are equipped with to carry out his mission effectively. The main task of humans as caliphs is to manage nature and prosper it in accordance with the laws of Allah. In carrying out their duties, humans are given the freedom to change their lives towards a better direction as long as they are within the specified limits (QS. Ar-Ra'd: 11). This principle requires humans to come from God, act in accordance with God's provisions and everything will return to God. Thus, every action taken by humans is not only to satisfy material needs but also to heal spiritual thirst.

In the course of Islamic History, caliph becomes a designation for the leader or ruler in a country. Caliphs have an important role in the realization of the rule of law in a country. This shows that in the context of Islamic economics, the caliph or government has the authority to intervene in economic activities as long as they contain benefits and eliminate *mafsadat* such as price intervention against a commodity that is considered to deviate from the fair price, the government is also justified in taking action against the perpetrators of hoarding goods that cause scarcity of goods needed.

6) Brotherhood (*ukhwah*)

Humans are essentially brothers from the same ancestor, namely the Prophet Adam. Therefore it is called *ukhwah basyariyah*. The Prophet Muhammad is a good role model, being a model in every act and deed including in economic behavior. In the economic action of the Prophet Muhammad worked as a shepherd and trader even the Prophet Mubammad had a transaction with the Jews. Not only that he also showed high social behavior both to his friends and to non-Muslims.

The logical consequence of this principle is that all resources endowed by God must be utilized to meet the basic needs of each individual and ensure a decent life for all people. The Prophet said, "A person among you does not believe if he is full while his neighbor is starving" (Al-Bukhari, 1419H). In fulfilling individual needs, it must be based on the principle of simplicity, not being wasteful and avoiding waste. It is unfortunate, then, when the practice of wasteful behavior is as widespread in Muslim countries as it is in capitalist countries (Chapra, 2007).

7) Work and Productivity.

Work in Islam is considered an act of worship. In a hadith, it is explained that people who work intending to meet their families' needs are included in *fi sabilillah* (Al-Baihaqi, 1424H). This shows that Islam highly values someone who works.

Therefore, Islam strongly criticizes people who are lazy. During the time of Umar bin Khattab, someone just sat praying in the mosque without trying to improve his welfare. This person's behavior made Umar reprimand him. Umar said, "Do not one of you sit in the mosque and pray, 'O Allah, give me sustenance,' while he knows that the sky will not rain gold or silver" (Rivai, 2013). What Umar did was a warning to the person to work and not just rely on prayers and favors from others.

The Prophet Muhammad himself admired the hard-working type of person. In the narration, it is said that the Prophet once kissed the rough hands of Sa'd bin Mu'az as a result of working hard to find wood. Then the Prophet said, "These are the two palms that Allah loves." (Al-Sarkhasi, 1414H). In another hadith it is mentioned that the Prophet said, "Whoever at night feels tired from working during the day, that night Allah will forgive him" (Rivai, 2013).

8) Balance

Allah has provided natural resources to be managed with certain limits per Sharia to meet human life's needs. Balance in Islamic economics applies to both production, consumption, and distribution activities. Balance in consumption is reflected in the rules of simple living, frugality, avoiding waste, and not being hasty, as Allah says.

"And those who, when they spend, are neither extravagant nor miserly. (QS. Al-Furqan: 67)"

Balance in Islamic economics is reflected in the recommendation that humans not only pursue the interests of the world but also must pay attention to the interests of the hereafter as well as must pay attention to physical and spiritual happiness, but also includes a balance in terms of private and public interests and between rights and obligations. This principle relates to how to regulate individual and group property rights and regulate the balance between community and individual interests. Suppose there is an imbalance that causes social and economic inequality. In that case, there needs to be action so that the balance returns to normal, both by individuals and the government (at-Tariqi, 2004).

9) Individual Freedom

Economic freedom in Afzalur Rahman's view is the main foundation in the structure of the Islamic economy, because freedom allows the creation of a fair market mechanism. It also reflects individual responsibility for various life activities,

including the economic aspect. Without this freedom, a Muslim cannot accomplish his rights and obligations optimally (Rahman, 1974).

b. Zakat

One of the unique aspects of the Islamic economic system, which contains a divine dimension, is the command of zakat. Zakat has a strategic opportunity so that wealth does not only accumulate in some groups so that income distribution can be realized (Owoyemi, 2020). This zakat command is certainly not owned by the socialist and capitalist economic systems that are only materialist-oriented. In addition to the function of income distribution, zakat also functions as a soul cleanser (tazkiyah al-nufus) from despicable traits such as miserliness, envy, and revenge (Gallien et al., 2024).

c. Prohibition of Usury

One of the important instruments in the conventional economic system that is expressly prohibited in Islamic economics is usury. The usury system has been proven in the stage of global economic history to cause financial crises (Ihsan et al., 2020).

The prohibition of usury aims to eliminate injustice in Islamic economic transactions. This prohibition protects the interests of morals, society, and the country's economy, because usury can cause the price of goods that should be normal to become very expensive. This can affect the country's balance of payments and lead to high inflation, which negatively impacts society, especially in terms of their welfare (Bayindir & Ustaoglu, 2018; Noorzoy, 1982).

3. Islamic Economic Design

The building of Islamic economics, according to Adiwarman Karim, is based on five universal values: Tawhid, adl, nubuwwah, khilafah and ma'ad. According to him, these five fundamentals inspire propositions and theories in Islamic economics (Karim, 2022).

Furthermore, he said that it is not enough if it only gives birth to concepts and theories but must be developed into a system that can impact human life. Therefore, three derivative principles are built from the five universal values that characterize the forerunner of the Islamic economic system. They are multitype ownership, freedom to act, and social justice (Shafrani, 2020).

Then, the overarching concept of morals is built on top of the values and principles above. Morals are at the top because morals become the purpose of Islam and the preaching of the Prophets, namely to perfect human morals. In economics, morals become a guide that covers every economic and business behaviour (Shafrani, 2020).

5 universal values according to Adiwarman Karim (Karim, 2022):

- a) Tauhid (Belief), this basic value requires that Allah is the true owner of the universe because He is the one who created it from nothing. The essence of human creation is to worship Allah. Therefore, every human activity, including in the economy, such as managing resources, must be framed as obedience to the creator.
- b) Adl (Justice), the nature of justice, is one of Allah's attributes, and it is reflected in the asma al-husna. Allah hates unjust behavior, which reflects His greatness and justice. Allah created humans as caliphs on earth to manage resources based on the boundaries of Sharia and ensure their use for the welfare of humanity. This value has implications

in economic activities so that one does not sacrifice or endanger others in pursuing profit.

- c) Nubuwwah (Prophethood), requires a guide figure sent by Allah as a good role model in living life in all aspects including the economy. Prophet Muhammad SAW has great qualities, namely Siddiq, Amanah, Fathanah, and Tabligh. By applying these qualities, it is hoped that economic and business actors can become professionals in accordance with Islamic law.
- d) Khilafah (Government), the role of government in the system is very important, namely ensuring that the economic order runs following Islamic law and there are no human rights violations. The government functions as a supervisor and guarantor so that economic activities remain within the framework of justice and the welfare of the people, which according to al-Ghazali must all be within the framework of maqoshid Sharia.
- e) Ma'ad (Results), this word means a place to return. Usually also understood as resurrection. In the view of Islam, humans will be resurrected to be accountable for every deed done in the world. In the sense that every deed will be rewarded. Allah explains that every human being must strive to obtain rewards. In the context of economics, this means that with struggle and effort, a person can legitimize the existence of profit or profit obtained.

According to Khuduri, these 5 basic values are an offer from Adiwarmarman's thoughts that were born from the results of the thinking process, observations and experiences that have been passed through so that they have succeeded in giving birth to existing values (Soleh, 2005). If examined further, these basic values have strong roots both from the Qur'an and the hadith, so epistemologically, they follow the Bayani model.

Next, 3 derivative principles will be explained as a guide in building an Islamic economic system as follows (Karim, 2022):

- a) Multiptype ownership. This principle was born from the concept of monotheism and justice which means that Allah SWT has created the universe and therefore He is the absolute owner of this universe. While humans are only entrusted with managing it. Therefore, humans are secondary owners. Being given the legality to manage means that individuals' ownership of resources is justified in Islam. However, in order to realize justice, important resources that concern the needs of many people must be controlled by the state and managed for the public interest. Thus, in addition to recognizing special ownership, Islamic economics also recognizes public ownership.
- b) Freedom to act (Freedom in Action) is born from the values of nubuwwah, adl and khilafah. Nubuwwah reflected in the four characteristics of the Prophet is applied to individuals involved in the economy and business. Freedom to act requires the importance of the role of the state in maintaining the law of Allah, and the Islamic market process can run without distortion so that equitable welfare is realized.
- c) Social justice (Social Justice), this principle is a combination of khilafah and ma'ad. The goal of the Islamic economic system is to realize a just economy. However, not all economic systems can run consistently. In Islam, justice is interpreted as mutual respect and not oppressing one another (*latazlimuna wa la tuzlamun*). Although market

mechanisms in Islam still exist, not everything is completely left to the market, because there are regulations to ensure that social justice is achieved.

These principles are derived from the 5 universal bases offered by Adiwarman Karim, a combination of Burhani and Bayani. Burhani is an epistemological method that prioritizes the use of reason and logic. Unlike methods that rely on text as the main source, Burhani emphasizes more on experiences felt and experienced through human senses as the basis of knowledge. This can be seen in the principle of multiple ownership, where the experience and reality faced by Adiwarman Karim reveal the existence of a market mechanism that tends to form an unhealthy monopoly pattern. Examples include the practice of price games, hoarding of goods, and price damage due to the cessation of the distribution chain. To overcome these problems, Adiwarman Karim relies on the Qur'an and Hadith as sources of reference, which are then combined with rational analysis and common sense to produce the right solution (Shafrani, 2020).

After discussing in detail the strong theoretical basis and a solid economic system, Adiwarman Karim explains the concept that encompasses both, according to him, this is because theory and system require humans to apply both and this is impossible if it is not based on morals. In other words, only people with morals can apply it because the good or bad business behavior of entrepreneurs determines the success or failure of the business they run (Karim, 2022).

4. Implementation of Sharia Economics as a Solution to the Global Crisis

The global crisis was largely triggered by advances in information technology that accelerated the spread of its impact and rapid developments in the financial sector. Edison said that the integration of the financial system caused disruptions in one country to trigger a domino effect that disrupted global economic stability. In addition, international capital flows through trade, exchange rate pressures, and foreign investment often create contagious effects. To overcome this crisis, in-depth analysis and a stable economic system are needed. One system that has proven stable in facing the global financial crisis is the sharia economic system (Pristiwiyanto, 2020).

The occurrence of the global financial crisis in 2008-2009 had a negative impact on the economy in Indonesia. The impact was not only on the financial sector but also on the domestic real sector. In addition, the global crisis has harmed poverty and unemployment rates (Sugema, 2012).

In Sharia economics, the main foundation is Tawhid. Implementing Tawhid in economic activities has a positive impact, such as preventing one individual or group from attempting to control or monopolize the economic sector. The principle of Tawhid teaches that everything that is owned belongs to Allah SWT, which makes individuals aware of avoiding the exploitation of others. This also directs a person to focus on profit orientation alone and balance worldly and hereafter goals. In this framework, the government plays an important role in regulating the economy according to the principle of monotheism: maximizing the use of resources, reducing distribution inequality, creating jobs and strengthening the monitoring mechanism in the Islamic economic system (Suhadi, 2015). By adhering to the concept of monotheism, humans are required to obey every rule revealed by Allah by practicing Sharia.

Avoiding the interest system, which is the root cause of the global crisis, is necessary because it is usury that Sharia prohibits. In addition, the concept of the caliphate which is understood as a policy maker or government has a central role in efforts to develop sharia financial institutions which are considered stronger in facing the onslaught of the global crisis.

Conclusion

The failure of the conventional economic system has been clearly evident in the journey of the world economic history stage. The occurrence of alternating global crises which were the result of the application of the interest system as a child of capitalism and the collapse of the Soviet Union as a real form of the failure of the socialist economic system led to the awareness of economists to review the two conventional systems and even needed other alternatives that were more ethical and humane so that the same thing would not happen. The Islamic economic system meets these criteria. However, the Islamic economic system cannot be implemented without being supported by knowledge of the characteristics and design of the Islamic economy. The foundations of Islamic economics are monotheism, Sharia and morals. These foundations necessitate the characteristics of Islamic economics that are not possessed by conventional economic systems. The building of Islamic economics is based on five universal values, namely, monotheism, *adl*, *nubuwwah*, *khilafah* and *ma'ad*. However, it is not enough to only produce concepts and theories, therefore it must be developed into a system that can have an impact on human life. So from the five basic values, three derivative principles are built which are the characteristics and forerunners of the Islamic economic system. Namely multiple ownership, freedom to act, and social justice. The epistemological model of *bayani* and *burhani* is a combination of the foundation of religious texts with experience that has given birth to valuable thoughts from *Adiwarman Karim* so that it becomes a practical guide in implementing the sharia economic system in an effort to anticipate and minimize the impact of the global crisis. In the history of the global financial crisis in 2008-2009 which was caused by the practice of interest which harmed poverty and increased unemployment, the sharia economic system became a solution offering to overcome these negative impacts and suppress the occurrence of a global crisis in the future.

References

- Ahmed, A. (2010). Global financial crisis: An Islamic finance perspective. *International Journal of Islamic and Middle Eastern Finance and Management*, 3(4), 306–320. <https://doi.org/10.1108/17538391011093252>
- al-Ghazali, A. H. M. bin M. (1992). *Ihya ulumuddin juz 2*. Dar al Kotob Al Ilmiah.
- al-Jauziyyah, I. Q. (1995). *Al thuruq al Hukmiyyah fi al siyasah al syar'iyyah Juz 2*. Dar al Kotob Al Ilmiah.
- al-Maududi, A. al-A'la. (1986). *Asas al-Iqtishad al-Islamy wa al-Nizham al-Ma'sir wa Mu'dilat al-Iqtishad wa halluha fi al-Islam*. Dar al-Su'udiyah li al-Nasry wa al-Tauzi'.
- Al-Baihaqi. (1424H). *Al-Sunan Al-Kubra*. Dar al-Kutub al-'Ilmiyah.
- Al-Bukhari. (1419H). *Adab Al-Mufrad*. Maktabah al-Ma'arif li al-Nasry wa al-Tauzi'.

Design and Characteristics of Islamic Economy: An Alternative Solution to the Global Crisis – Kamali, Ali Murtadho, Ridan Muhtadi, Denizar Abdurrahman Mi'raj

- Al-Sarkhasi, M. bin A. (1414H). *Al-Mabsuth*. Dar al-Ma'rifah.
- Anggraeni, R. D., Rahmaddina, R., & Aisyah, R. (2022). Kegagalan Sistem Ekonomi Sosialis. *EQUILIBRIUM: Jurnal Ilmiah Ekonomi Dan Pembelajarannya*, 10(2), 172. <https://doi.org/10.25273/equilibrium.v10i2.11632>
- Astuty, D. W. (2015). The Extraordinary Solution for Indonesia Economic Crisis: Shariah Capital Market. *Journal of Islamic Banking and Finance*, 3(2). <https://doi.org/10.15640/jibf.v3n2a5>
- at-Tariqi, A. A. H. (2004). *Ekonomi Islam: Prinsip, dasar dan tujuan*. Magistra Insania Press.
- Baidhawiy, Z. (2007). *Islam Melawan Kapitalisme! Konsep-konsep Keadilan Dalam Islam*. Resist Book.
- Bayindir, S., & Ustaoglu, M. (2018). The issue of interest (riba) in the Abrahamic religions. *International Journal of Ethics and Systems*, 34(3), 282–303. <https://doi.org/10.1108/IJOES-09-2017-0148>
- Callinicos, A. (2003). *An Anti-capitalist manifesto* (Reprinted). Polity [u.a.].
- Chapra, M. U. (2007). *The Future of Economics: An Islamic Perspective*. Kube Publishing Ltd.
- Diaw, A. (2015). The global financial crisis and Islamic finance: A review of selected literature. *Journal of Islamic Accounting and Business Research*, 6(1), 94–106. <https://doi.org/10.1108/JIABR-03-2012-0015>
- Fauroni, R. L. (2019). The Economic Community of Pesantren Al-Ittifaq: Opposing Market Capitalism and the Improvement of Competitiveness. *Shirkah: Journal of Economics and Business*, 4(3), Article 3. <https://doi.org/10.22515/shirkah.v4i3.273>
- Gallien, M., Javed, U., & van den Boogaard, V. (2024). Zakat, Non-state Welfare Provision and Redistribution in Times of Crisis: Evidence from the Covid-19 Pandemic. *Studies in Comparative International Development*. <https://doi.org/10.1007/s12116-024-09447-x>
- Ghofur, A. (2020). *Falsafah Ekonomi Syariah*. Rajawali Press.
- Hamid, E. S. (2009). Akar Krisis Ekonomi Global dan Dampaknya Terhadap Indonesia. *La_Riba*, 3(1), Article 1. <https://doi.org/10.20885/lariba.vol3.iss1.art1>
- Ihsan, F. M., Muhtadi, R., & Subhan, M. (2020). HISTORIOGRAFI KAUSA LEGAL BUNGA (RIBA) DI INDONESIA. *Ulumuna: Jurnal Studi Keislaman*, 6(1), 1–12. <https://doi.org/10.36420/ju.v6i1.3955>
- Ika Yunia Fauzia, I. Y., & Riyadi, A. K. (2014). *Prinsip Dasar Ekonomi Islam: Perspektif Maqashid al-syari'ah*. Kencana Prenada Media Group.
- Jumiati, E., & Rohmah, I. F. (2022). The Role of Trade Unions/Labor Unions in Islamic Economic Perspective. *International Journal of Islamic Thought and Humanities*, 1(2), Article 2. <https://doi.org/10.54298/ijith.v1i2.33>
- Kahf, M. (1987). *Al-Nizham al-Iqtishad al-Islami Nazharah Ammah, terj. Rifyal Ka'bah, Deskripsi Ekonomi Islam*. Minaret.
- Karim, A. A. (2022). *Ekonomi Mikro Islami* (6th ed.). Raja Grafindo Persada.
- Khadduri, M. (1984). *The Islamic Conception of Justice*. JHU Press.
- Nasution, M. E. (2010). *Pengenalan eksklusif ekonomi islam*. Kencana.

- Noorzoy, M. S. (1982). Islamic Laws on Riba (Interest) and Their Economic Implications. *International Journal of Middle East Studies*, 14(1), 3–17. <https://doi.org/10.1017/S0020743800026556>
- Owoyemi, M. Y. (2020). Zakat management: The crisis of confidence in zakat agencies and the legality of giving zakat directly to the poor. *Journal of Islamic Accounting and Business Research*, 11(2), 498–510. <https://doi.org/10.1108/JIABR-07-2017-0097>
- (P3EI), P. pengkajian dan pengembangan ekonomi I. (2015). *Ekonomi Islam*. Raja Grafindo Persada.
- Piliyanti, I. (2009). Menggugat Sistem Kapitalisme. *La_Riba*, 3(1), Article 1. <https://doi.org/10.20885/lariba.vol3.iss1.art4>
- Pristiwiyanto, P. (2020). Ekonomi Syariah Solusi Krisis Keuangan Global. *Al Iqtishod: Jurnal Pemikiran Dan Penelitian Ekonomi Islam*, 8(1), Article 1. <https://doi.org/10.37812/aliqtishod.v8i1.83>
- Rahman, A. (1974). *Economic Doctrines of Islam*. Islamic Publication.
- Rivai, V. (2013). *Islamic Risk Management for Islamic Bank*. Gramedia Pustaka Utama.
- Rozalinda. (2019). *Ekonomi islam: Teori dan aplikasinya pada aktivitas ekonomi*. Raja Grafindo Persada.
- Shafrani, Y. S. (2020). Rancang Bangun Ekonomi Islam Adiwarman Karim dalam Kajian Epistemologi Islam. *El-Jizya : Jurnal Ekonomi Islam*, 8(2), 228–242. <https://doi.org/10.24090/ej.v8i2.4272>
- Sholahuddin, M. (2001). Kritik Terhadap Sistem Ekonomi Sosialis Dan Kapitalis. *Jurnal Ekonomi Pembangunan: Kajian Masalah Ekonomi Dan Pembangunan*, 2(2), Article 2. <https://doi.org/10.23917/jep.v2i2.3915>
- Soleh, A. K. (2005). Model-Model Epistemologi Islam. *Psikoislamika : Jurnal Psikologi Dan Psikologi Islam*, 2(2). <https://doi.org/10.18860/psi.v0i0.342>
- Sugema, I. (2012). Krisis Keuangan Global 2008-2009 dan Implikasinya pada Perekonomian Indonesia. *Jurnal Ilmu Pertanian Indonesia*, 17(3), Article 3.
- Suhadi, M. D. (2015). Implementasi Prinsip Islam Dalam Aktivitas Ekonomi: Alternatif Mewujudkan Keseimbangan Hidup. *JURNAL PENELITIAN*, 9(1). <https://doi.org/10.21043/jupe.v9i1.851>
- Taimiyah, T. I. (1416H). *Majmu' al-Fatawa, Jilid 2*. Majma' al-Malik Fahd Li Thiba'ati al-Mushhaf al-Syarif.