



Islamic Economics and Utility: Perspective of Muhammad Baqr Al-Sadr

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ABSTRACT

This research explores the integration of the concept of maximum consumption utility with the principles of equality and justice in Islamic economics according to Baqr al-Sadr's thought. It is found that al-Sadr advocates for a holistic approach to economics, where maximum consumption utility is not measured solely by individual material satisfaction, but also through fair distribution of wealth and fulfillment of basic needs for the entire society. This study highlights the importance of merging conventional economic principles with Islamic social justice values, aiming for inclusive well-being. Despite its significant potential, this approach faces challenges in its application in the modern world, demanding further research on the application of Islamic economic principles in a global context and how to overcome barriers in implementing justice and equality values in the current dominant economic systems. This study provides new insights into Islamic economics and paves the way for further research that will explore the adaptation of Islamic economic principles across various socio-economic contexts.

Keyword: Islamic Economics, Maximum Utility, Justice, Baqr Al-Sadr

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1. INTRODUCTION

In the framework of Islamic teachings, economic activities must align with the principles and morality established by Islamic Sharia. This is closely related to economic transactions (in Islam known as muamalah) that often occur in daily life (Sya'bana, 2023). Generally, the main issue in economics arises from the concept of unbalanced demand and supply, thus failing to find an equilibrium point. This economy is rooted in Sharia principles that prioritize justice and equitable wealth

distribution. The development of Islamic economics is not only evident from the growth of Sharia financial institutions, like banks and Sharia insurance, but also from the implementation of Islamic economic principles in various business and financial aspects. This concept emphasizes sustainable and fair economic growth, where profits are distributed fairly among all parties involved and investments are made in ethical and sustainable projects.

The main problem arising from classical economics is the limitation of available resources with the unlimited human satisfaction levels. This has led to comprehensive discussions and the emergence of several theories to measure the extent of satisfaction. Essentially, an individual's satisfaction can be measured with the utility theory, while the available resources may be considered as unlimited. This viewpoint aligns with one of the three schools of thought in Islamic economics, namely the Iqtishaduna school initiated by Muhammad Baqir Al Sadr (Karim, 2015). According to the norms in Islamic economic perspectives, satisfaction is important to discuss because it is related to the consumption level of a consumer that occurs within the market.

In the context of Islamic economics, the utility theory receives a unique interpretation. Unlike the perspective of utility in conventional economics, which tends to focus on the maximization of individual satisfaction, in Islamic economics, utility is connected to satisfaction achieved not only through material means but also through spiritual satisfaction and social justice. The thoughts of Muhammad Baqr Al Sadr in this regard are crucial, as he combines Islamic principles with modern economic theory. Al Sadr emphasizes that utility in Islamic economics should consider the well-being of the general public, not just individual interests. According to him, economic activities should be directed towards achieving equitable and sustainable prosperity, not merely pursuing profit.

Al Sadr's thoughts provide a new perspective in understanding utility in Islamic economics. He states that economic decisions should be made considering their impact on the entire society. This includes how wealth distribution affects the community and how business practices fulfill social and ethical responsibilities. This approach challenges the traditional view of utility that focuses on personal interests and replaces it with a more holistic model that prioritizes the well-being and justice for all. Al Sadr's thoughts in Islamic economics offer a sustainable and ethical alternative to the dominant economic system, emphasizing the importance of morality and social responsibility in economic activities.

Muhammad Baqir Al Sadr's thoughts on the concept of limited human satisfaction with unlimited resources are grounded in one of the verses from the holy Quran, specifically Surah Al Qamar (54:49). Allah SWT says:

"Indeed, We have created everything, proportioning it in due measure." (Quran, 54:49)

Islamic Economics and Utility: Perspective of Muhammad Baqr Al-Sadr

The explanation of this verse emphasizes that all the provisions created by Allah are absolute and in accordance with His decrees. Every creature and creation adheres to its own measure, encompassing its essence, time, characteristics, quantity, place, and all its interconnections within the existence of the universe. This short verse encapsulates something profound and can contextually be used to illustrate the essence of the formation of creatures and God's creation (Qutb, 2004).

One of the decrees of Allah subhanahu wa ta'ala regarding fate and His regulation of creatures is related to the Day of Judgment, as mentioned in verses 46-48. Everything that will happen is in accordance with the consequences of actions taken, as everything has been created with a measure, within a system and a binding measure for humans as His creatures. For instance, the consequences of one's actions will be encountered at the appointed time by Allah. The intrinsic determination is elucidated in Quranic verse (54:49), stating that all measures have been created in proportion to each entity (Shihab, 2006).

The context behind the revelation (Asbabun nuzul) of Surah Alqamar verse 49 is to respond to one of the questions posed by the polytheists to Prophet Muhammad (peace be upon him) to prove the truth of his claim as the messenger of Allah. The question pertained to the concept of measure. The narration from Abu Hurairah regarding the polytheists approaching Prophet Muhammad (peace be upon him) to debate him on the topic of measure is reported in Sahih Muslim. Abu Hurairah reported:

"Some of the polytheists came to the Messenger of Allah (peace be upon him) and debated with him about the Divine Decree. Then this verse was revealed: 'Indeed, the criminals will be in the punishment of Hell, abiding eternally...' until 'Indeed, all things We created with predestination.' (Quran, 43:74-77) (Sahih Muslim)." (Hanafi, 2017)."

Muslim scholar Muhammad Baqir Al-Sadr used Quranic verse (54:49) as a reference, stating that existing resources are indeed in accordance with the needs of His creatures. Because the contextual alignment of Al-Sadr's thoughts is based on the Quranic verse, he rejects any concerns based on economic theories such as scarcity (Qomar, 2016). One of the messages conveyed is the absence of the term "economics," as what is suitable is Iqtishad or equitable distribution. This serves as a reference that the utility of an individual's satisfaction can be measured by the alignment with verses in the Quran and its contextual interpretation at present.

The presence of the concept of consumption utility offered in economic theory and Al-Sadr's viewpoint, both concepts are interesting to be examined thoroughly, becoming a new discussion related to contextualizing existing verses or texts with proof through thought and theory. The author aims to connect the

alignment of Quranic verse (54:49), as outlined as a guide in Muhammad Baqir Al-Sadr's thinking, with the theory of maximum consumption utility in general, especially from the perspective of Islamic economics.

The utility theory, the thoughts of Baqir al-Sadr, and Islamic economics converge at a point where all emphasize the importance of achieving broader and sustainable well-being, not limited to material gain. In Islamic economics, the concept of utility goes beyond meeting physical and material needs; it also includes spiritual satisfaction and social justice, aligning with Baqir al-Sadr's perspective. In his approach, Al-Sadr combines Sharia principles with economic theory, challenging conventional utility views that focus on individual interests with a more inclusive and holistic model. This model prioritizes collective welfare, views economic activities as a means to achieve social and spiritual goals, and provides a framework for economic growth that is not only efficient but also just and in line with Islamic values.

2. METHOD

The writing method employed in this article utilizes a qualitative approach that takes the form of a literature review (Library Research) (Sugiyono, 2016). The author attempts to process information obtained from articles, journals, and relevant books related to the theories discussed. The data collected consists of secondary data from previous research, gathered to be further discussed and analyzed in-depth to arrive at final answers and conclusions.

3. DISCUSSION

The Thought of Baqir Al-Sadr

Baqir Ash Sadr, a contemporary Muslim intellectual, made significant contributions to Islamic economics through his work "Iqtisaduna," which is rooted in the foundational doctrines of Islam, namely the Qur'an and Hadith. Widely recognized as a phenomenal work with a legalistic approach, this book has elevated Baqir Ash Sadr's reputation as one of the leading theorists in the Islamic resurgence. According to (Qomar, 2016), "Iqtisaduna" is divided into three main parts; the first two parts critique social and capitalist economies, while the third part elaborates on Islamic economics. It is this section that forms the basis of Baqir al-Sadr's Islamic economic thought, presenting in-depth analysis and criticism of existing economic systems and proposing alternatives rooted in Islamic principles.

Naqvi interprets Islamic economics as a representation of how Muslims behave in a specific Muslim societal context. This definition emphasizes the economic actions of a Muslim that align with Islamic teachings, where a comprehensive Muslim is expected to demonstrate the application of Sharia rules as part of non-ritual worship. More specifically, Naqvi describes Islamic economics

as a discipline that Muslims should possess to fulfill their needs in accordance with Sharia principles (Naqvi, 2009).

Mannan defines Islamic economics as a social science discipline focusing on the study of human economic issues based on Islamic values. This definition suggests that both conventional economics and Islamic economics are differentiated based on their underlying values. In other words, Mannan applies conventional economic principles as his analytical framework but strives to integrate Islamic values into it (Mannan, 1997).

Hasanuzzaman, as quoted by Dawam Raharjo, holds a different view on Islamic economics. According to him, Islamic economics is the application of commands and procedures set by Sharia with the aim of avoiding injustice in the use of material resources to fulfill human needs in fulfilling obligations to Allah. This definition explicitly states that Islamic economics is a system of rules or a subsystem of Islam itself (Raharjo, 2002).

Based on the presented definitions, it can be concluded that some consider Islamic economics as a science, while others view it as a system. However, Baqir al-Sadr's approach to Islamic economics differs, as he clearly distinguishes between the science of economics and the doctrine or economic system. Al-Sadr emphasizes the importance of separating and understanding the difference between the doctrine (system) of economics and the science of economics itself, to clarify the scope of work and focus of each (Qomar, 2016). Thus, Baqir Al-Sadr concludes that there is a need for a new alternative to separate these two aspects, using the term *Iqtishaduna*, and turning it into a classical economic thought school.

The underlying idea is that there is a gap caused by the uneven distribution and economic disparity. One of the causes is the dominance of certain parties (in terms of economics) due to the capitalist concept that favors the strong and wealthy. The concept of *Iqtishaduna* is not about the limitation of resources but rather about the unlimited greed of humans (Karim, 2015). This concept serves as a reference for the *Iqtishaduna* school pioneered by Muhammad Baqir Al-Sadr, stating that resources are unlimited while human needs are limited.

Baqir al-Sadr perceives that economic theories developed by Western economists are not suitable and need replacement. Therefore, he took the initiative to formulate a new economic theory rooted directly in the Qur'an and Hadith. He replaced the term "economics" with "iqtishad," a term originating from Islamic philosophy, not just a translation of the word economics. The word "iqtishad" is derived from the Arabic word "qasd," which literally means "balance" or "balanced state," depicting a condition of equilibrium or being in the middle (Amalia, 2010).

Utility in the perspective of Islamic Economics

Teori The foundation of the concept of utility is the theory of consumer behavior based on two approaches, namely the cardinal and ordinal approaches

(Sukirno, 2022). The first approach can be explained that the benefit or pleasure of a consumer can be quantified. The selection of goods or services and satisfaction can be measured in numbers and in certain graphs. Meanwhile, in the second approach, namely the ordinal approach, it is explained that consumer satisfaction cannot be quantified.

Quoting from Adiwarman Karim's book, utility in the Islamic perspective is stated as *Mashlahah* or benefit, with its antonym being *mafsadah* or harm (Karim, 2015).. In this regard, Imam Ghazali explains that the concept of *mashlahah* should prioritize the social realm over the individual. This social concept of *mashlahah* depends on the preservation of five basic goals, including: Religion, life or soul, family or lineage, wealth or property, and intellectual or reason. Maximum satisfaction for an individual will be achieved when social norms are prioritized over individual interests.

When it comes to the individual realm, particularly in the Islamic perspective, an interesting point to highlight is the prohibition of excess in consumption (Bekti & Wahyudi, 2022). Individually, the impact of excess will lead to unfavorable conditions, and socially it will also have negative effects on others or individuals. As stated in the Quran, Surah Al-A'raf (7:31), Allah Subhanahu wata'ala says:

"O children of Adam! Take your adornment at every masjid and eat and drink, but be not excessive. Indeed, He likes not those who commit excess." (QS 7:31)

This verse aligns with the concept of an individual's maximum consumption utility, where reaching the peak satisfaction will lead to a decrease in satisfaction. The calculation of maximum satisfaction and its decline can be depicted in the theory of The Law of Diminishing Utility, where the additional satisfaction from each unit of consumption decreases as consumption increases (Gossen's Law) (Karim, 2015). An analogy for this theory can be illustrated with a runner who feels thirsty. After drinking one glass of water, they experience satisfaction in quenching their thirst. However, what happens when they drink the next 4-6 glasses? It may not bring satisfaction in quenching their thirst, but instead, it could lead to side effects such as stomach pain and even nausea.

The ability for maximum consumption also corresponds to an individual's ability to fulfill their needs, considering their well-being. The more prosperous they are, the more they can achieve maximum satisfaction. This is aptly described by the Indifference Curve and the Budget Line, which can be referred to as the Optimal Curve.

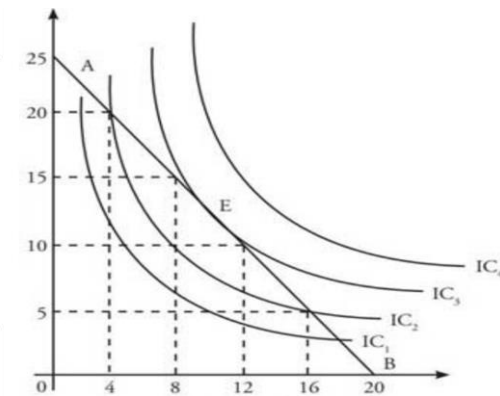


Figure 1. Indifference Curve and Budget

In figure 1, we can observe a shift in the IC (Indifference Curve) from IC 1 to IC 4. This explains that an individual's consumption preferences result in different optimum points. When associated with the budget line curve, we can assess how much well-being is possessed and adjusted to consumer satisfaction. At point E, there is an intersection between IC 3 and the Budget Line at the number 20. This represents the optimal point where an individual can experience maximum utility. The more to the right the IC curve shifts, the higher the consumer satisfaction, but at IC 4, it is not the optimum utility point, as it is beyond the budget constraint.

4. DISCUSSION

According to Baqir al-Sadr, the Islamic economic system is related to reality and should be based on beliefs, laws, concepts, and definitions derived from the sources of the Qur'an and the Sunnah. In his economic doctrine, justice holds a primary position (Maulidizen, 2017). Justice is a moral judgment and cannot be tested. On the other hand, social justice is the foundation for measuring economic theories, activities, and production. Baqir al-Sadr considers the Islamic economic system as part of the overall Islamic system and should be studied as a holistic discipline. The approach advocated by Baqr Alsadr is closely related to the verses and principles in the Prophet's hadith, so he suggests studying the religious fundamentals before delving into the field of economics. In this holistic approach, Baqir al-Sadr discusses economic doctrine. Humans have two potentially conflicting interests, namely personal and social interests. Baqir al-Sadr sees the solution in religion, and this is the role played by religion in the Islamic economic system.

Nasrudin and Saifi concluded in their research that the core issue in economics lies not in production or resource scarcity but in unequal and unjust distribution, caused by an economic system that facilitates exploitation by the powerful over the weaker (Nasrudin & Saifi, 2023). Baqir al-Sadr emphasizes that the Islamic economic system must be developed more broadly, deeply, and based on the principles of Islamic justice.

Islamic economics plays a crucial role in addressing the issues of the community, especially in matters of well-being and equality. Baqr Al-Sadr

emphasizes that all parties involved in the economic chain should have equal opportunities with equitable justice. In line with research conducted by (Fahlevi, 2019), Islamic economics not only addresses consumption and production but goes beyond, encompassing political domains and the politicization of all distributions. This comprehensive approach is in line with the clear goal of achieving victory for all stakeholders.

The issues arising in classical and conventional economics share a commonality in the dominance of certain parties leading to scarcity and greed in satisfaction, resulting in imbalance. This global issue becomes a shared problem with diverse outcomes such as inequality, social disparities, and poverty. According to (Desky, 2022), Baqir al-Sadr believes that the Islamic economic system offers a robust alternative for various non-Muslim countries to contribute to the global economy. Therefore, existing problems can be mitigated with the presence of Islamic Economics.

The Utility Theory itself implies the concept in calculating an individual's maximum consumption. In the illustration of calculations, this can be quantified with obtained data. However, from the perspective of Islamic economics, there is a need for norms and a prioritization of social welfare before individual benefits are obtained. This aligns with the thinking of Al Ghazali, where when religious norms are associated with social welfare, satisfaction or utility can be achieved according to the perspective of Baqr Alsadr.

All these connections can materialize if individuals involved in the economic cycle are capable of upholding the values of religion and prevailing norms in their lives. Because, in the concept of the optimum solution in the utility theory, it explains that a person will experience maximum satisfaction by following existing rules, both economically and in terms of religious values, such as avoiding excessiveness and meeting needs within one's capacity. This corresponds to the fiqh principle stating "*La tadzlimun wala tudzlamun*," which means do not oppress and be not oppressed (Khoir, 2010).. Norms, rules, and religious laws become important symbols in the formation of common welfare so that maximum utility can be fulfilled.

The concept of maximum consumption utility in conventional economics focuses on the maximization of individual satisfaction through the consumption of goods and services. This differs from Baqr al-Sadr's thinking, which integrates the principles of Islamic equality and justice into economic activities. According to Baqr al-Sadr, the concept of utility should not only measure material satisfaction but also consider fair and just wealth distribution. This means that in achieving maximum utility, factors such as equality, wealth distribution, and the fulfillment of basic needs for all individuals in society must be considered. This approach leads to an

understanding that economic justice is not only about wealth accumulation but also about a fair distribution of that wealth.

Baqr al-Sadr emphasizes that in Islam, the economic goal is not only to achieve growth and efficiency but also to ensure that each individual gets their fair and equal share. This includes meeting the basic needs of humans and providing every individual with an equal opportunity to participate in economic activities. Thus, maximum consumption utility in the context of Baqr al-Sadr's thinking should be seen as part of a larger system that emphasizes equality and justice for all members of society.

5. CONCLUSION

Benefit or *mashlahah* is the main foundation of Islamic Economics, so the perspective related to Utility in positive economics can be resolved theoretically. In line with Baqr al-Sadr's approach in his phenomenal work *Iqtishaduna*, and linked to the concept of maximum utility that provides a more holistic and just explanation, especially in economic matters. According to al-Sadr, achieving maximum utility is not only focused on individual satisfaction but also on fair wealth distribution and meeting the basic needs of the entire society. This emphasizes the importance of integrating conventional economic principles with the high-value social justice upheld in Islam, with the goal of achieving widespread prosperity for all individuals. This approach shifts the focus from mere efficiency and economic growth to an emphasis on distributive justice and equal opportunities.

However, this approach has some limitations, especially in the context of its application in modern economic systems that are often dominated by principles of free markets and economic efficiency. The challenge of integrating Islamic justice and equality values with current global economic practices requires further research and discussion. Therefore, a recommendation for further research is to delve deeper into how Islamic economic principles can be applied in the current global context, and to find ways to overcome challenges in implementing justice and equality principles in the dominant economic practices. Additionally, it is important to explore how various Islamic economic models can be adapted in different socio-economic contexts.

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