

The New Direction of Islamic Economics: Review of Masudul Alam Choudhury's Thought

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Abstract

Islamic economic development is increasingly massif. More and more new theories about the Islamic economy developed by Islamic economists. One of them is Masudul Alam Choudhury. This study discusses the new direction of Islamic economics and its contribution to contemporary economic development initiated by Masudul Alam Choudhury. This research uses the philosophical approach and qualitative data analyst. The results of this study show that the main problem of Islamic economics is still stuck in the doctrine of neo-classical and neo-liberal that squeezes in the form of the methodology used. It is necessary to rebuild the main principles of the Islamic economy; tawhid and brotherhood. Tauhid became the beginning and end of all economic practices. Brotherhood is the real goal. The principle of work and productivity is raised by having to work as part of worship. The principle of distribution income as part of a productive transformation to increase people's income and welfare. The economic and financial dimension is not only empirical but moral to be "homo Islamicus" is not "homo economicus". Aspects of Islamic economic methodology as a study that is never completed. Choudhury offers the "Shuratic Process" methodology, which is the process of uniting views on a problem that occurs in human life. Choudhury conceptualizes Islamic political economy through the application of the paradigm of tauhid in the political economy so that it can display alternative thinking from various conventional economic models today. Islamic economic policy is oriented towards the elimination of usury, implementation of profit-share, and institutionalization of zakat, as well as the prohibition of israf. The direction of the Islamic economy will be bright and could be an alternative to the contemporary economy.

Keywords; *new direction, Islamic Economy, alternative, contemporary economy.*

INTRODUCTION

Islamic economics began to be built since the fall of the verses that focus on the economy. Furthermore implemented in the practice of the life of the Prophet Muhammad when educating the Islamic community in Medina and followed by friends, up to the Islamic caliphs of the Umayyad Dynasty in Damascus to the Ottoman Dynasty in Turkey. The practice did not continue during colonialism and imperialism in the Islamic world. Many Islamic economic rules and economic ideas were deliberately lost in the treasures of science through Western hegemony and domination and compounded by the neglect of the maximum contribution of Islamic economic thought in Western economic literature.

It was not until the mid-1930s that Islamic economic existence again squirmed as one of the science buildings that we're able to answer various contemporary economic problems. The presence of three Islamic economic sects such as *Iqtishaduna* pioneered by Muhammad Baqir al-Sadr, mainstream sects pioneered by Umer Chapra, Metwally, M. A. Mannan, Monzer Kahf, Fahim Khan, and M. N. Siddiqi and critical alternative sects pioneered by Timur Kuran, Jomo Kwame Sundaram, Muhammad Arif, and others increasingly make Islam economy colorful and the center of world studies.

One of the important figures of contemporary Islamic economics who participated in the study of contemporary Islamic economics is Masudul Alam Choudhury. An economist and financial practitioner who is concerned formulates applicative theories in the Islamic economy so that it can become a new trend in Islamic economic studies as well as a new direction of Islamic economics in the presence of the global economic system, both capitalism, and communism. Islamic economy becomes an interesting study, challenging and full of concrete solutions for economic development and impact on improving the lives of people who are the main objectives of the Islamic economy.

The study of Masudul Alam Choudhury becomes special and important to know more about the character and economic thoughts initiated and conceptualized with various approaches used so that he gets a comprehensive understanding of himself as well as his thoughts to be applicative to the new direction of Islamic economy in the face of the development of life that is increasingly globalized and requires concrete solutions to various problems of contemporary Islamic society.

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RESEARCH METHODS

This type of research is library research. Literature research is research that is stifled by examining library materials or secondary data. This research includes literature research because the data used more secondary data in the form of documents. The approach used in this research is philosophical. The philosophical approach is to examine an issue from the ideal side. This research uses a philosophical approach because the idea is researched at an ideal level. The data source used in this study is secondary data. Secondary data is data obtained indirectly or has been provided by other parties. Secondary data is used as the main reference that is available in the form of writing in books, scientific journals, and other written sources. Data collection techniques are carried out through conventional and online investigations. Conventional library passing is the activity of finding the source of the library to the data store. While online graduation is the activity of finding library sources in cyberspace through the internet network. The smoothing of literature is conventionally done by looking for library materials in the library, purchasing books, journals, and visiting scientific activities (seminars). While the online smoothing is done by searching the internet. The data analysis method used is qualitative. Qualitative data analysis is the process of organizing and sorting data into patterns, categories, and units of a basic description so that themes can be found presented in the form of narratives. This research uses qualitative data analysis because the data will be presented in a narrative-descriptive way, not in the form of numbers or numerics.

DISCUSSION

A. Biography of Masudul Alam Choudhury

Masudul Alam Choudhury is Professor of Economics and Finance at the College of Trade and Economics, Sultan Qaboos University, Sultanate of Oman. Obtained his Ph.D. from the University of Toronto with the Political Economy of Human Capital Investment in 1977. He is one of the Muslim intellectuals in the field of economics that carries the

reconstruction of Islamic economy and finance based on the critical-alternative sect pioneered by Timur Kuran.

Masudul Alam Choudhury has been teaching for 36 (thirty-six) years in economics and finance. He has taught at universities such as the University of Toronto; Cape Breton University (Canada); Sultan Qaboos University (National University of Oman); King Fahd University; King Abdul Aziz University, Jeddah; National University Malaysia; University of Regina; Trent University. Not only that, his academic rihlah continues as a visiting scholar in various universities (Shalihin, 2017)

Islamic economic and financial thinking can be tracked in books and journals scattered in various places. Among Choudhury's books are: An Islamic Social Welfare Function (1983), Contributions to Islamic Economic Theory, A Study in Social Economics (1986), Islamic Economic Co-operation (1990), The Foundations of Islamic Political Economy (1992), The Principles of Islamic Political Economy, A Methodological Inquiry, (1992), The Unity Precept and the Socio-Scientific Order (1993), Theory and Practice of Islamic Development Co-operation: Recent Experience of Some Asian Countries (1993), Islamic Socio-Scientific Order and World-System (1995), Islamic Political Economy in Capitalist Globalisation: An Agenda for Change (1997)

Festschrift in Honour of Abu Hameed Mohammad Al-Ghazzali, the Great Moral Philosopher of the Eleventh Century: Socioeconomics of Community Development in Global Perspectives I (1997), Studies in Islamic Social Sciences (1998), Reforming the Muslim World (1998), Studies in Islamic Science and Polity (1998), Comparative Economic Theory: Occidental and Islamic Perspectives (1999), The Islamic Worldview, Socio-Scientific Perspectives (2000), Dynamic Analysis of Trade and Development in the Islamic World: Selected Case Studies (2003), Political Economy of Structural Transformation, with Special Reference to Islamic Countries (2003), Explaining the Qur'an, a Socio-Scientific Inquiry (2003), The Islamic World-System, a Study in Polity-Market Interaction (2004), An Advanced Exposition of Islamic Economics and Finance (2004)

Science and Epistemology in the Qur'an (2006), Money and Real Economy (2006), Development Planning in the Sultanate of Oman (2006), The Universal Paradigm and the Islamic World-System: Economics, Ethics, Science and Society (2007), Islamic Economics and Finance: An Epistemological Inquiry (2012), The Socio-Cybernetic Study of God and the World-System (2014), Tawhidi Epistemology and its Applications (economics, finance, science, and society) (2014), Handbook of Tawhidi Methodology (Economics, Finance, Society, and Science) (2013), The Islamic Epistemological Worldview and Empirical Study of Socioeconomic Integration in the Ummah (2015), Heterodox Islamic Economics: The Emergence of an Ethico-Economic Theory (2016), The Absolute Reality in the Qur'an (2016), Islamic Financial Economics and Islamic Banking (2016), God-Conscious Organization and the Islamic Social Economy (2016), The Islamic Bank's New Paradigm, Challenges and Blessing (2017), A Phenomenological Theory of Islamic Economics (2017), Meta-Science of Tawhid, a Theory of Oneness (2019), The Tawhidi Methodological Worldview, A Transdisciplinary Study of Islamic Economics (2019), Methodological Dimension of Islamic Economics (2019), Islamic Economics as Mesoscience; A New Paradigm of Knowledge (2020), *Tauhid* and *Shari'ah*: A Transdisciplinary Methodological Enquiry (2020).

B. Masudul Alam Choudhury's Economic Thinking

Masudul Alam Choudhury is one of the Western Muslim economists who are concerned about studying and developing Islamic Economics. He is considered by many scholars as a scientist or study of Islamic economics who is careful and serious about the epistemology of Islamic economics (Shalihin, 2017). In addition to being an expert in the

field of epistemology and methodology of political economy. Choudhury is a professor of economics at the University College of Cape Breton Sydney, Nova Scotia, Canada, Director of the Centre of Humanomics, and Editor of the international journal, Humanomics (Ichsan, 2020)⁷

Masudul Alam Choudhury is one of a handful of academic scholars in the field of Islamic Economics and Finance whose work has been recognized by the Western world as well as Muslim academics and plays a role in determining the discipline of Islamic Finance & Economics. Choudhury's Islamic economy is a new direction of Islamic economy in which it contains the principles of economic development that must be applied by the economic designer of development in building the economy of the country and society.

Here are some new directions of Islamic economics as a result of the contribution of Masudul Alam Choudhury's thinking that is very influential on Islamic economic thinking and development in the future.

1. *The Main Problem of Islamic Economics*

Islamic economics is a science because it is a knowledge that has been systematically compiled and has fulfilled the elements of science (Janwari, 2013). As a science, Islamic economics embraces rationality; justification; falsification; and completely different verification when compared to the mainstream economy (Shalihin, 2017). But in general, it still stuck into neoclassical and neoliberal doctrines (Choudhury, 1997). Now, the Islamic economy is faced with the fact that the dominance of Western methodology has been so strong that it directs the idea of how Islam can be used as a theoretical source of economic science. The problem is that in the Muslim world the gap between doctrine and reality is so striking that the theorists of Islamic economics need to pay attention to these things (Hoetoro, 2017). In terms of definition, the Islamic economy must always be taken in the same mold of integrated and global *tauhid*-based characterization (Choudhury, 1990).

As a system, the Islamic economy is part of the teachings of Islam. Islamic teachings on economics are integral teachings, which are inseparable from both the teachings of Islam as a whole and the reality of life either in the form of economic resources or factors of production, motivation and behavior, decision-making processes, and institutions contained in it. To implement it all organs that support socio-political structure need to work together to achieve the same goal (Janwari, 2013) based on values such as *tauhid*, brotherhood, equality, and justice (equity), cooperation and work and productivity (Choudhury, 1986). Justice, social equality, fraternity, charity, and cooperation are cited as a means of lifting society, which is the main goal of the Islamic economic system (Asutay, 2009). When it is all well implemented, both in concept and application in the field, of course, makes the main problem of Muslims can be resolved well. The gap between the rich and the poor, for example, due to the absence of standard social equality, began to erode the sense of brotherhood, the spirit of charity and cooperation is no longer carried out, and justice and productivity are no longer the spirits of community life.

2. *The Main Principles of Islamic Economics*

According to Choudhury (1986), there is a principle of tawhid and brotherhood. Tawhid means the oneness of God, and thus, the unity of the law of the godhead, or the unity of knowledge in the epistemology of Islam (Alam Choudhury & Harahap, 2009). As an episteme of God's oneness in the Qur'an, *tauhid* is not limited by the material boundaries of space and time. *Tauhid* lives and becomes the center of all the actions of Muslim who will bring to depart and be sourced from Allah. The main principle of *tauhid*, shows God as the Creator and Guardian of the universe and shows mankind as God's representative with the resources he created entrusted with the use of the right and man has nothing (Choudhury, 1990).

Tauhid is the main source of Islamic ethics and is the philosophical foundation of Islamic economics. *Tauhid* is the main element that binds man to his god to become a person by the nature of his creation. *Tauhid* encapsulates the essence of the Islamic economy that teaches people how to relate and deal with others about God (Choudhury, 1983). The implication is the emergence of human behavior (morals and ethics) that only obey and fear the oneness of God Almighty, who is the only creator of the universe in which there are economic resources and wealth for people, as well as all resources to meet the needs of the world including the need for economy and life.

The sorority shows the vertical dimension of Islam, which connects limited and imperfect social institutions with the perfect and infinite *Dzat*. *Tauhid* is a universal paradigm that presents a new world system, both in concept, application, and institution and a sustainable future in the unity of divine law (Alam Choudhury & Syafri Harahap, 2008). To recognize the implications of *tauhid*, it is necessary to unite knowledge that the Islamic economy must be able to accept a pluralistic approach to Islamic economic reality (Shalihin, 2017). *Tauhid* will lead people to economic religiosity. Economic religiosity is a projection of faith, sharia, and morals in economic activities. The three dimensions are integrated into the Islamic world-view that says that the owner of economic resources is Allah Almighty. (QS al-Baqarah [2]: 284; al-Maidah [5]: 17; al-Hadid [57]: 7). People are only given the mandate to manage, benefit, and preserve (Choudhury, 1998). Formally, *tauhid* helps build problems about the interactive and dynamic unity of knowledge caused by the cohesive linkage between micro-enterprises and businesses as a community entity (Alam Choudhury & Harahap, 2009).

The brotherhood implies a brotherhood as the recognized children of Adam. Hence the sense of closeness, affinity, and cooperation is embodied in an ideal Islamic society and is a conceptual extension of justice (Asutay, 2009). In general, brotherhood is known in three aspects, brotherhood of fellow Muslims (*ukhuwah Islamiyah*), brotherhood of fellow nations (*ukhuwah wathaniyah*), and brotherhood of fellow human beings (*ukhuwah basyariyah*). The three synergize into an inseparable unity. With that sense of brotherhood, the direction of economic development is carried out not only to meet personal needs and interests but more than that, jointly build and support economic development that can enrich human life in general. The direct result of the principles of *Tauhid* and brotherhood is the central record of Islamic economics, that only God is the owner of anything, both in the heavens and on earth, and that He has made good things for human service. Man has been created as a representative of God on earth who is entrusted to use and distribute His resources fairly (Choudhury, 1983). So directly the Principles of Tawhid and Brotherhood connect the main task of a man and his duty to God. The essence of tawhid and brotherhood lies in equality and cooperation (Choudhury, 1983).

There are also principles of work and productivity. Islam obliges its people to work because with it it will be productive. So that the task of the human caliph can be carried out. Many verses of the Qur'an and hadith of the Prophet encourage Muslims to work for a living lawfully (QS. Al-Baqarah [2]: 267, At-Taubah [9]: 105, and Al-Jumu'ah [62]: 10). This principle is divided into individual salaries to be proportional to the number and category of work they do meaning that what they do is comparable to the salary or wages they receive (Choudhury, 1983). Therefore, whenever a person earns more than he or she is entitled to because of input from labor and other resources, which generate this income, he does what is known as a '*rububiyyah*', i.e. sole ownership of production tools. Because Islamic economic thought holds that basically, all production tools belong to God, human beings only as trustees (Choudhury, 1983). Productive work is work that produces benefits and leads to happiness (*falah*). Individuals must be creative, passionate, and work efficiently, and productively is a commendable act.

Other principles of income and distribution. The income levy is highly emphasized in Islam. Some instruments for it such as *zakat*, *shadaqah*, *ghanimah*, *kharaj*, *fai*, *ushr*, and others prove that Islam wants a productive transformation of national income and wealth and improve the welfare of the wider community so that there is no deep gap between rich and poor (Choudhury, 1983). *Zakat*, for example, is a means of distribution of some wealth of the rich aimed at the poor and those in need. According to the scholars, *zakat* is charged 2.5% for all unproductive wealth, including cash, deposits, gold, silver, and gems, and 10% of the net income of the investment.

The Islamic economy is built for holy purposes, guided by Islamic teachings, and achieved in ways prescribed by Islam. All of them are interconnected and hierarchically structured, in the sense that the Islamic economic spirit is reflected in its purpose, and supported by its pillars. The goal of achieving *falah* can only be realized by the pillars of the Islamic economy, namely basic values (Islamic value), and operational pillars, which are reflected in economic principles (economic Islamic principles). There will appear to be an Islamic economic building in a paradigm, both the paradigm in thinking and behaving and the shape of the economy.

3. *Islamic Economic and Financial Dimension*

Islamic economics and finance are sub-systems comprehensively regulated by Islam through the Qur'an and al-Hadith. This sub-system stands normatively from the primary Islamic texts. That is, there is a moral law; culture; and spirit that determines how the Islamic economy and finance is run by Muslims. Choudhury termed it the phenomenological dimension of Islamic economics and finance. The moral and cultural dimension of The Islamic economy and finance is an intrinsic thing that not only affects the consciousness of a Muslim but consistently forms a different pattern of experience and is felt uniquely by Muslims when compared to other people. Ultimately this forms the cultural differentiation of diversity inherent in the Islamic economy and finance. Besides, the Islamic economy and finance have double dimensions. Not only is the dimension empirical, but it also has a moral dimension. The two simultaneously determine the pattern of the law of reality in every reality—Islamic economic behavior and choice (Shalihin, 2017).

Modern economics that was built on the philosophy of materialism, on the one hand, has provided assurances of material progress. But on the other hand, this achievement must be paid handsomely by the destruction of humanitarian spirituality and the environment. Even the achievements of modern economic civilization did not completely make people happy. With the phenomenological dimension above, The Islamic economy has the opportunity to fill this void, because when compared with Jewish and Christian teachings, Islamic teachings more perfectly touch the material and inner aspects (Hoetoro, 2017).

Homo economicus that glorified Capitalism and Communism has greatly reduced human existence and released it from intrinsic capacity and emotion. In Homi Economic capitalism it is positioned in modern beliefs as an economic entity that solidified the strict and exploitative individuality of what is considered essential from basic human motives, desires, and self-interest. Whereas in Communism, *homo economicus* is described as the relationship between material conditions and human life that is essential, namely that it is not human consciousness that determines its existence, but rather it is the social existence of man that determines his consciousness (Hoetoro, 2017). Islam offers a solution to that through the concept of *homo islamicus* which refers to the behavior of individuals guided by Islamic shari'a. So the main motives that encourage *homo islamicus* to do economic activities are truth, not happiness or useful value (Hoetoro, 2017).

As *homo islamicus* has an advantage in the field of reason compared to other beings (*al-hayawan al-nathiq*) (Aravik & Hamzani, 2019), then the dimensions above, become

guidelines and instructions in carrying out Islamic economic and financial practices. Without it, the direction of man as homo islamicus will only come to the homo economicus whose entire life is dominated by worldly interests that rely on lust, thus forgetting the intrinsic purpose of human life, to direct to the true hereafter.

4. *Islamic Economic Methodology*

The methodology is a science that studies the methods used in a particular scientific activity to achieve a principle and policy. Thus, Islamic economic methodology is a science that learns about the systematics of extracting Islamic economics to achieve a principle and policy by normative and positive principles of Islamic sharia to achieve a common benefit.

Islamic economic methodology as one of the methods of Islamic economic development that became a serious study of Choudhury. The need for an appropriate methodology is triggered by some basic epistemic questions that are related to what is known, what is the source of knowledge, and how to know that this known is true (Hoetoro, 2017). Choudhury & Hussain, (2005) stated that aspects of ontology and epistemology of sharia economics are based on different worldviews. It is a revolutionary doctrine, which is difficult to categorize to normal science. It's different and out of the line of normal thinking. Therefore, Choudhury, (1997) formulated a methodology called the "*Shuratic Process*". The term *Shuratic* or deliberation means consultation to produce knowledge that has a transcendent dimension, while supported by empirical and rational truth. *Shuratic* is a consultative body of Islamic organizations and governments since time i.e. which contributes democratically in establishing the validity and acceptability of research, methodology, and results in the form of councils (Choudhury, 1990).

Shuratic Process is a process to unite the view of a problem or thing that occurs in human life by removing all the ability to argue, argue and think and find a case or agreement on the problem. *Shuratic Process* is a universal interactive and consultative order which is process. This process will lead to the interaction of the council.

Shuratic Process can be referred to as Interactive-Integrative-Evolutionary Process (IIE-Process). Interactive signifies the existence of a reciprocal process, an active participation process between various parties involved in the *Shuratic Process*. Integrative indicates the process of unifying views from a variety of different views. And evolutionary signifies the outcome of the agreement reached, the result of a new case (Choudhury, 1997). Thus it can be understood that the *Shuratic Process* is a method to produce science every problem and differences are discussed carefully to further obtain a law.

According to Choudhury, (1997), there are 9 (iine) stages that must be taken in the shura process, among others:

the primordial stock of knowledge; absolute, competent, and irreducible meaning the unit of the defina law as the unit of God;

- a. creation of flow knowledge of the world system; the primal role of prophet Muhammad's conduct of life Sunnah flow or knowledge emulate the essence of divine Unity, the principal of universal complementarity;
- b. combining 1 and 2 to form Islamic laws by epistemological deduction in the human world, the role of those in Islamic authority, the emergence of discourse (ijtihad) based on developing the flow of knowledge-creating complementary of unification of complementing system;
- c. creation of reality using the introduction of the cognitive system by knowledge flows, a material manifestation of the universally complementing system based on their knowledge induction;
- d. discursion of the Islamic agents (e.g mujtahid to form the rule of life out of knowledge flows (ahkam);

- e. consensus as a convergence of the process (a-d) on specific issue salter widely systemic discursion (ijma): the process from (a-d) form the rise of Islamic laws, shariah rules on specific issues of life in;
- f. evaluation of output the process (a-f) on specific issue measurement of social;
- g. re-origination of the shuratic process in continuity; Qur'an evolutionary epistemology; and
- h. complementing the shuratic process in akhiraas reconstitution of the primordial stock of knowledge show in.

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5. *The Concept of Islamic Political Economy*

Islamic Political Economy is a concept of political economy based on Islam, this is considering that Islam is not just a ritual religion, but also contains many muamalah rules related to economic regulation, business, law, and socio-political system. The Qur'an as the main basis for a Muslim state exclusively that those who are not punished based on the rules set by Allah will include the infidels, fasiqs, and wrongdoers. (QS 4: 44, 45, and 47). Islam as a "way of life" requires every Muslim to live these rules of life-based on Islamic values and laws (Alwyni, n.d.).

Choudhury is a Muslim scientist who uses the epistemological approach of his Islamic Political Economy study, namely that every science that is awakened is based on the foundation of beliefs and ideology of humans. The Qur'an and Sunnah are the basis of every development of science in Islamic tradition. This process of unification between belief and science has been going on for hundreds of years in Islamic history.

The application of *tauhid* paradigm in political economy will present alternative thinking from the current conventional economic model. Some of the things that Choudhry discussed in the application of The Tauhid paradigm in the political economy are related to ownership rights, work, and productivity, value theory, resource allocation, price, preference formation (Choudhury, 1997).

6. *Islamic Economic Policy Base*

According to Choudhury, (1997), the basis of Islamic economic policy is everything that will be a requirement for the implementation of the Islamic economy.

a. *Abolition of usury*

Elimination of usury (prohibition of *riba*). This principle means that usury is one of the factors inhibiting economic well-being. The elimination and removal of usury are very firm and clear in the Qur'an such as: "O you who believe, do not consume usury in double and fear Allah that you may prosper (QS. Ali Imran: 130).

The elimination of usury is a rejection of additional financial risks specified in money transactions and trades charged to one party only, while the other party is guaranteed profit. This is what is called misbehave with each other which is forbidden in Islam. The Prophet (peace and blessings of Allaah be upon him) said: "Usury can cause more and more, but the consequences will be reduced." I'm sorry, I'm sorry. Ahmad). Another hadith stated: "The Messenger of Allaah curses the usury eater, the giver, the author, the two witnesses, they are all the same." I'm sorry, I'm sorry. Muslims).

The elimination of usury can be interpreted narrowly or widely. In general, the elimination of usury means the elimination of usury that occurs in debt receivables and trades. Thus, in this context, the interest that is usury in debt receivables must be wiped out of the economy. Similarly, various forms of buying and selling transactions that give rise to usury, such as speculative transactions, without clear valuations, should also be prohibited. Broadly, the abolition of usury can be interpreted as the elimination of all forms of economic practices that cause injustice or injustice (P3EI, 2015).

The abolition of usury aims to build the principle of tawhid and brotherhood *riba* in Islam does not mean interest on loan capital alone. But it includes an increase in individual or state claims against wealth or ownership that exceed the permissible limits of validity according to Islam, which is then limited to consideration for all kinds of control over the ownership of production tools (Choudhury, 1986).

The abolition of usury is important because Islam gives attention to the exercise of personal rights and obligations. The elimination of usury means able to end the oppression and exploitation of labor, and various exploitation of natural resources that are out of bounds, to continue the maximum economic sustainability for generations to come. Thus obtaining a guarantee of at least the minimum consumption level and the certainty of a price system based on rules that are fair in socioeconomic aspects (Choudhury, 1986). *Riba* is forbidden and strongly opposed because it is exploitative and bad for the economy. Whereas Islam wants every achievement of material prosperity must be based on divine rules, such as through production and services under Islamic moral standards, does not widen social disparities through consumption that exceeds the limits, and does not damage the physical and moral environment of current and future generations.

b. Results-share implementation

According to Choudhury & Hussain, (2005) sharia financing model consists of two basic principles, namely interest-free financing instruments in the private sector and development financing instruments based on cost and profit share. Basically, profit share is financing with the principle of trust and pure agreement between the two parties or more, namely, the owner of capital (investors) in this case sharia banks with business owners in this case the customer is the business manager.

The most wide² used principles of profit-share in Sharia banking are *al-musyarakah* and *al-mudharabah*. *Al-musyarakah* is a cooperation agreement between two or more parties for a particular business in which each party contributes funds by the agreement that profits and risks will be borne together by the agreement. *Al-mudharabah* is derived from the word *dharab*, which means to walk or hit. Technically, *al-mudharabah* is business cooperation between two people where the first party (*shahib al-maal*) provides all capital, while the other party becomes the manager. The profits of the business are divided according to the agreement in the contract, while if the loss is borne by the owner of the capital as long as the loss is not due to the negligence of the manager. If the loss is caused by fraud or negligence of the manager, the manager must be responsible for the loss.

c. Institutionalization of *zakat*

Zakat is an important component in Islam including the economy. In addition to being an obligation for Muslims, *zakat* is the responsibility of Muslims to help others. The obligation of *zakat*, contained moral, social, and economic elements. In the moral aspect, *zakat* erodes the greed and greed of the rich, purifies the soul of the person who fulfills it from miserliness, and purifies and develops wealth. In the social aspect, *zakat* can give a role to the poor and poor in their lives and carry out obligations to Allah Swt. While in the economic sector, *zakat* ensures the accumulation of wealth in only a few people and obliges the rich to distribute their wealth to the poor (Rozalinda, 2016).

According to Choudhury, (1990) *zakat* aims to redistribute resources, provide social welfare, and create productive transformation. *Zakat* can serve as working capital for the poor to open jobs, so that it can earn and can meet various needs of its life or as additional capital for someone who lacks capital so that his business can run lancer, the income also increases, and can increase his living income. *Zakat* leads to increased consumption through the improvement of people who are very poor and deficient. The investment was enhanced by

directing a portion of zakat funds into grassroots development projects for the improvement of very poor people (Alam Choudhury & Harahap, 2009). *Zakat* is also the last shield for the economy so as not to deteriorate when the ability to consume stagnate. *Zakat* allows the economy to continue running, at the minimum level due to basic consumption guarantees by the state (Rozalinda, 2016).

d. Banning *israf*

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Israf is the concept of avoidance of waste in both consumption and production (Choudhury, 1990). Excessive lifestyle is a characteristic of people who do not know God, condemned in Islam and called *israf* (waste) or *tabzir* (squandering wealth without use). *Tabzir* means to use the property in the wrong way, without rules, and violating sharia. Waste also means excessive use of the property for things that are unlawful in such as food, clothing, shelter, and even alms.

Islamic teachings advocate a pattern of production and consumption and fair and balanced use of property, namely the pattern that lies between clumsiness and waste. Consumption and production that exceeds the moderate level (reasonable) is considered *israf* and not liked by Islam, should be avoided and exterminated so as not to become the behavior of the Islamic community.

CONCLUSION

Looking at the problem and paying attention to the discussion can be concluded that the new direction of Islamic economics offered by Masudul Alam Choudhury covers the main problem aspects of Islamic economics that are still stuck in neo-classical and neo-liberal doctrines that are squeezed into the form of the methodology used so that it needs to be rebuilt three main principles of Islamic economy, ranging from *tauhid* and brotherhood, where *tawhid* becomes the beginning and end of all economic practices and fraternities as the real goal. The principle of work and productivity is raised by having to work to get something, and to be part of worship and to raise the principle of distribution income as part of a productive transformation to increase people's income and well-being. No less important, seeing that the economic and financial dimensions are not only empirical but moral to be *homo islamicus* is not *homo economicus*. Aspects of Islamic economic methodology as one of the studies that Choudhury never complete offered a new methodology called the *Shuratic Process*. *Shuratic Process* is a process to unite the view of a problem or thing that occurs in human life by removing all the ability to argue, argue and think and find a case or argument on the problem. With an epistemological approach, Choudhury conceptualizes Islamic political economy through the application of the paradigm of *tauhid* in political economy, so that it can display alternative thinking from various conventional economic models today. Closed with a policy base of Islamic economy concrete that is always oriented towards the elimination of usury, implementation of profit-share and institutionalization of *zakat*, and the prohibition of *israf*. When all this is well-executed into the new rule of Islamic economics, then the direction of the Islamic economy will be bright and can be an alternative and solution for the contemporary economy.

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