

FOOD PRICES POLICY: RELATIONAL IMPLEMENTATION OF FIQH MU'ĀMALAH AND ISLAMIC ECONOMICS

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Abstract: There are fundamental differences between Islamic economics and Fiqh Mu'āmalah, as well as the relationship between the two, according to Anas Zarqa and Monzer Khaf. However, according to Qadri Azizi, Islamic economics and *Fiqh Mu'āmalah* are not different because there is no difference in terms of material objects. This study aims to understand the food price policy by the government as a relational implementation of *Fiqh Mu'āmalah* and Islamic economics by analyzing the epistemology of Islamic economics between economics and Fiqh Mu'āmalah, and also to understand the relation between *Fiqh Mu'āmalah* and Islamic economics in food price policy by the government as a strategic study of the economy. This study is qualitative descriptive, using a content analysis tool and literature study. The results of this study are 1) There are fundamental differences between economics and *Fiqh Mu'āmalah* in the epistemological aspect, which creates a scientific discipline that combines the two into Islamic Economics. 2) *Fiqh Mu'āmalah* as a normative study sourced from the Alquran and hadith functions as a basis in economic cases through observation and description of phenomena. Therefore, without a touch of values and sharia norms, economics remains value-free. In terms of food price policy, factors such as economic conditions, consumer behavior, and policy implications will be a reference in normative-strategic studies for Islamic economists to sort out and determine rules that are more relevant and have greater *maṣlaḥah*.

Keywords: Food Price Policy, *Fiqh Mu'āmalah*, Islamic Economics

Abstrak: Ada perbedaan mendasar antara ekonomi Islam dan *Fiqh Mu'āmalah* serta hubungan keduanya menurut Anas Zarqa dan Monzer Khaf, namun menurut Qadri Azizi, Ekonomi Islam adalah sama dengan *Fiqh Mu'āmalah* karena tidak ada perbedaan dari segi objek materi. Penelitian ini bertujuan untuk memahami kebijakan harga pangan oleh pemerintah sebagai implementasi relasional fikih muamalah dan ekonomi Islam dengan menganalisis epistemologi ekonomi Islam dalam pusaran ilmu ekonomi dan fikih mu'amalah, serta untuk memahami relasi fikih muamalah dan ekonomi islam dalam kebijakan harga pangan oleh pemerintah sebagai kajian strategis ekonomi. Penelitian ini tergolong kualitatif deskriptif dengan teknik *content analysis* dan studi pustaka). Hasil penelitian ini yaitu: 1) adanya perbedaan diantara ilmu Ekonomi dan fikih Mu'amalah dalam aspek epistemologis melahirkan disiplin ilmu yang memadukan keduanya menjadi ilmu Ekonomi Islam. 2) Fikih muamalah sebagai kajian normatif yang bersumber dari Alquran dan Hadits berfungsi sebagai landasan dalam kasus-kasus ekonomi melalui pengamatan dan deskripsi fenomena, oleh karenanya tanpa sentuhan nilai dan norma syariat menjadikan ilmu ekonomi tetap bebas nilai. Dalam hal kebijakan harga pangan, faktor kondisi perekonomian, perilaku konsumen, dan implikasi kebijakan akan menjadi acuan dalam kajian normatif-strategis untuk para ahli ekonomi islam untuk memilah dan menentukan aturan yang lebih relevan dan mempunyai nilai kemashlahatan yang lebih besar

Kata Kunci: Kebijakan Harga Pangan, Fikih Muamalah, Ekonomi Islam

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Introduction

According to capitalist economics, the market plays an important role in the economic system. To solve economic problems, the capitalist economy relies on free markets, from producing, consuming, and distributing. On the other hand, the urge of the free market to generate monopolies and unfair competition hurts the economy and produces a more unpredictable market scenario. They believe that “the hand of god” will restore the economy to balance (equilibrium) without government involvement. Furthermore, given the current status of the global market, in which cross-national commerce is crucial, the government's involvement in managing the market mechanism is critical.

The great strategy to get a nation away from a depression (supply-demand levels that are less than the best capability) is for the government to push back market supply-demand through spending and investment initiatives heavily. As an economic actor (government household), the government plays a vital role in the economy by ensuring and producing economic security, political policies, justice, security, and stability.¹ In a dynamic reality, the government must optimally regulate economic conditions to meet the basic needs of people's lives.²

The pricing of commodities, especially basic needs goods, has long been a worry for the government. As a policymaker, the government needed to pay attention to the pricing pattern that happened in order to implement the appropriate policy. Because of the considerable price volatility, the government should implement a price stability strategy since variations in food prices might influence societal welfare.³ Low prices and stability were crucial for people, especially for low-income people.

From an Islamic perspective, previous studies have shown that when there is market distortion due to injustice (*dzulm*), the government is obliged to intervene in prices.⁴ The government has the authority to intervene in economic activity through regulatory frameworks.⁵ However, price controls are only sometimes a good tool for controlling the economy. Price control usually restricts development and growth, causes fiscal burden, and can reduce the efficacy of

¹ Ahmad Lutfi Rijalul Fikri, “Qawā'id Al-Fiqhiyyah Analysis on The Prohibition of Monopoly Practices and Unfair Business Competition: A Critical Review,” *Justicia Islamica* 18, no. 1 (2021): 132–48, <https://doi.org/10.21154/justicia.v18i1.2466>.

² Ahmad Mansur, “Kebijakan Fiskal Dan Implikasinya Terhadap Pembangunan,” *El-Qist* 02, no. 01 (2012): 214–31.

³ Xiaohua Yu, “Monetary Easing Policy and Long-Run Food Prices: Evidence from China,” *Economic Modelling* 40 (2014): 175–83, <https://doi.org/10.1016/j.econmod.2014.03.029>.

⁴ Lukmanul Hakim, “Distorsi Pasar Dalam Pandangan Ekonomi Islam,” *Ekomadania* 1, no. 1 (2017): 1–15.

⁵ Cahya Wulandari, “Tinjauan Islam Terhadap Mekanisme Pasar Dan Penanganan Distorsinya,” *Journal of Islamic Economics and Finance Studies* 1, no. 1 (2020): 82–99.

monetary policy.⁶ Price control also can restrict local investment and business activities,⁷ worsening wealth disparity,⁸ and can cause chronic shortages.⁹

The position of this research aims to bridge the two perspectives where in Islamic economics, the food price policy is based on ethics and religious values, while in mainstream economics, the price policy is based on the state's economic condition with mathematical calculations. The significance of this research is that the level of price policy should be based on consideration of the size of the impact between the two policy directions, implement a food price policy or not so that economic policy is adjusted ethically and mathematically under economic and Islamic principles. However, in order to understand the link between *Fiqh Mu'āmalah* and economic reality, this research will first explain the epistemology of Islamic economics.

Economic transactions' dynamics continue to develop in discourse and practice with a variety of increasingly complex problems. For this reason, it is very necessary to base the rules that economic practice is within the framework of Islamic law, and it is necessary to renew the concept so that economic practice remains responsive to modernization while still based on the general principles of Islamic law. It is because Islamic law will be considered obsolete and will not have the ability to respond to contemporary problems if it cannot answer the problems that occur in today's society. For this reason, if the discussion of Islamic economics only revolves around halal-haram, then Islamic economics is no longer needed because the discussion of halal-haram has been widely discussed in *Fiqh*. Therefore, it is necessary to expand the scope of discussion in Islamic economics so that it can become a normative-strategic study, carry out *ijtihad* efforts by accommodating contemporary economic transactions while still critically analyzing and providing solution directions so that all economic activities can be carried out with religious values.

Not like *Fiqh Mu'āmalah*, Islamic Economics is more focused on describing phenomena and conducting searches on factors that influence and on causal relationships that have relevance. Meanwhile, *Fiqh Mu'āmalah* looks at the facts in the field from a normative point of view, namely how sharia law is related to those facts, and then analyzes whether it is permissible or not, depending on the phenomena and facts that occur. Equating Islamic Economics with *Fiqh*

⁶ Justin-Damien Guenette, "Price Controls: Good Intentions, Bad Outcomes," *World Bank Policy Research Working Paper No. 9212*, no. April (2020): 1–19, <https://doi.org/10.1596/1813-9450-9212>.

⁷ Richard Newfarmer and Martha Denisse Pierola, "Trade in Zimbabwe Changing Incentives to Enhance Competitiveness," *World Bank Publication*, 2015.

⁸ Aparajita Goyal and Jhon Nash, "Reaping Richer Returns: Public Spending Priorities for African Agriculture Productivity Growth," *World Bank Publication*, 2017.

⁹ Robin Winkler, "Feast or Famine: The Welfare Impact of Food Price Controls in Nazi Germany," *Oxford Economic and Social History Working Papers*, 2015.

Mu'āmalah is a concept that is too simple. Ironically, in various writings, Fiqh is used as an analytical tool in economics, while writings that study Islamic economics see it only from the point of view of Fiqh. For example, consumption theory sometimes reverts to Islamic law regarding various types of halal and haram food and beverages without touching on the discussion of consumer behavior towards the number of available commodities, and production theory, which has a narrower meaning as a study of property rights in Islam that does not focus on the company's behavior as a producer. It makes the study of Islamic economics within the framework of *Fiqh Mu'āmalah* become partial, narrow, and fragmented, holistically losing its connection with mainstream economic theory.

According to Anas Zarqa and Monzer Khaf, there are fundamental differences between Islamic economics and *Fiqh Mu'āmalah* and the relationship between the two.¹⁰ But according to Qadri Azizi, Islamic economics and *Fiqh Mu'āmalah* are not different because there is no difference in terms of material objects.¹¹ The relationship between *Fiqh Mu'āmalah* and Islamic economics appears for those who think that *Fiqh Mu'āmalah* and Islamic economics are different and do not appear for those who think otherwise.

In economic studies, the market mechanism does not escape discussion because a market is a meeting place for suppliers and buyers and supply-demand meet. In the discussion, the problem of food price policy in the market mechanism is a matter of debate between Muslim scholars. According to Abu Yusuf's view, the economic system in an Islamic society must be subject to the principle of the market mechanism by providing optimum flexibility for the consumers and producers in it. In the concept of the economy in Islamic society, the strength of the market mechanism, namely the power of supply and the strength of demand, determined the price.¹² In concept, the meeting point between supply and demand should occur because of each other's willingness. Neither party conducts transactions with compulsion at the price level.¹³

However, Ibn Taimiyyah and Ibnul Qayyim have a different view that the government must intervene in the market when market conditions indicate an increase in prices because there is fraud.¹⁴ As a policy maker, the government must pay more attention to food price policy because it determines the fate of both parties, consumers, and producers; when the policy only benefits consumers, it

¹⁰ Muhammad Anas Zarqa, "Islamization of Economics : The Concept and Methodology," *Journal of King Abdulaziz University: Islamic Economics* 16, no. 1 (2003): 22; Monzer Kahf, *Islamic Economics* (Dubai: Al-Manhal, 2014), 9.

¹¹ Ahmad Qodri Abdillah Azizy, *Membangun Fondasi Ekonomi Umat* (Yogyakarta: Pustaka pelajar, 2004), 180–92.

¹² Abū Yūsuf, *Kitāb Al-Kharāj* (Beirūt: Dār al-Ma'rifah, 1979), 48–49.

¹³ Adiwarman Azwar Karim, *Ekonomi Islam Suatu Kajian Kontemporer* (Jakarta: Gema Insani, 2001), 6.

¹⁴ Ibn Taimiyyah, *Al-Hisbah Fī Al-Islām* (Beirūt: Dār al-Kutub al-'Imīyyah, 2009), 23.

will certainly harm producers and vice versa.¹⁵ However, pleasing both parties, consumers, and producers, is certainly very difficult. Therefore the government needs to consider several policy options so as to avoid causing a bigger negative impact.

The next problem is how to reconcile the thinking of economics, which is thick with liberalism and capitalism, with the sacred thoughts contained in *Fiqh Mu'āmalah*, which are thick with religious values. This problem occurs because economics comes from human thought and observations, and *Fiqh Mu'āmalah* is based on religious values and Islamic norms.

Therefore, related to the discussion above, the writer formulates the problems discussed in this study.

- a. What is the epistemology of Islamic economics between conventional economics and *Fiqh Mu'āmalah*?
- b. What is the relationship between *Fiqh Mu'āmalah* and Islamic economics in food price policy?

Literature Review

1. The Food Price Policy

The food price policy is government intervention in setting prices for commodity goods circulating in the market. Islam recognizes each individual's right to engage in economic activities without causing damage to others. Each individual is instructed to utilize his riches to satisfy his necessities and enhance his life in a way that does not clash with the good of society because the primary goal of Islamic economics is to establish human economic interactions based on collaboration, mutual love, honesty, and fairness, while also preserving a balance between individual and communal rights.¹⁶

The food price policy is an order from the ruler or his representative or the order of anyone who takes care of the affairs of the Muslims to the traders not to sell their commodity except at a fixed price. It is forbidden to add or reduce it with the aim of *maṣlaḥah*.¹⁷

¹⁵ Ibn Al-Qayyim, *Al-Thuruq Al-Hukmiyyah Fī Al-Siyāsati Al-Shar'iyyah* (Beirūt: Maktabah al-Muayyad, 1989), 208.

¹⁶ Evra Willya, "Ketentuan Hukum Islam Tentang At-Tas'ir Al-Jabari," *Jurnal Ilmiah Asy-Syir'ah* 11, no. 2 (2013): 2.

¹⁷ Didin Baharuddin, "Tas'ir (Price Fixing) Dalam Perspektif Maqashid Al-Syari'ah," *Tahkim* XIII, no. 2 (2017): p. 138–56.

2. *Fiqh Mu'āmalah*

Fiqh Mu'āmalah is Islamic law that regulates human relations with one another in obtaining, regulating, managing and developing with an element of mutual will in the form of an agreement between the people involved.¹⁸

Fiqh Mu'āmalah is knowledge about Islamic law activities or transactions, which are related to human behavior in everyday life, and the source comes from detailed Islamic arguments. *Fiqh Mu'āmalah* explains human activities and transactions in the form of rules that contain orders or prohibitions such as wajib, sunnah, haram, makruh, and mubah.¹⁹

3. Islamic Economics

Islamic economics is part of integrative economics because Islamic economic studies cannot stand alone but require a good and in-depth mastery of the sharia sciences and their supporting sciences, as well as the sciences that serve as analytical tools, such as mathematics, statistics, and logic.²⁰

According to Umar Chapra, Islamic economics is a discipline of study that aids in realizing human happiness via the allocation and distribution of finite natural resources under maqashid without limiting the freedom to achieve a sustainable macroeconomic and ecological equilibrium.²¹

Methods

This study applies a qualitative descriptive method, as well as content analysis tools and library research, namely collecting data and information with the help of library literacy materials and various other library sources. The content analysis technique is a research method used to understand a text. The researcher used this technique to describe and assess a problematic idea in Islamic economics. The literature study uses secondary data from classic literature from muslim scholars, articles, and reference books that discuss themes related to research about Islamic economics, *Fiqh Mu'āmalah*, and food price policy. The information obtained is described in prose, followed by other data to explain a truth, get a new insight or strengthen an existing insight.

¹⁸ Ali Murtadho, "Model Aplikasi Fikih Muamalah Pada Formulasi Hybrid Contract," *Al-Ahkam* 23, no. 2 (2013): p. 125–42, <https://doi.org/10.21580/ahkam.2013.23.2.19>.

¹⁹ Syaikh, Ariyadi, and Norwili, *Fikih Muamalah Memahami Konsep Dan Dialektika Kontemporer* (Yogyakarta: K-Media, 2020). 6.

²⁰ Monzer Kahf, *The Islamic Economy : Analytical Study of the Functioning of the Islamic Economic System* (Canada: American Trust Publications, 1978), p. 18.

²¹ Umar Chapra, *The Future of Economics: An Islamic Perspective* (Jakarta: SEBI, 2001). 22.

Results And Discussion

1. The Epistemology of Islamic Economics Between Economics and *Fiqh Mu'āmalah*.

The discussion of Islamic economics essentially boils down to two disciplines simultaneously: pure economics and *Fiqh Mu'āmalah*. Methodologically, Islamic economics stems from the two sciences, but the benchmark of truth between economics and *Fiqh Mu'āmalah* is certainly different. The theory of truth in economics is based on the scientific method, whose truth is seen from coherence and correspondence. At the same time, *Fiqh Mu'āmalah* refers to revelation, where a transaction becomes prohibited if there is a prohibition argument in sharia law.

Seeing the differences in sources and theories of truth in economics and *Fiqh Mu'āmalah* makes it difficult to synergize between economics and *Fiqh Mu'āmalah*. The practice of Islamic economics in banking and insurance often has similarities with the conventional economic system. It is because Islamic banking modifies the general economic system with sharia law and religious values.²²

Epistemologically, economics is formulated through sensory observations of facts and phenomena that occur in society to fulfill their livelihoods. Then, they generalize their observations through special premises and mathematical calculations to draw general conclusions. Mathematical calculations are exact, while economic reality is dynamic and non-exact. Therefore, the quantified formula in economics is still assumptive, so in mathematical calculations, economics has a basic assumption known as the *ceteris paribus*. Therefore, economic reasoning is quantitative. For example, the observed changes in supply and demand are observed and then used as a general theory that is used as a predictive tool. Like a theory of demand in economics, "if the demand for commodity increases, the price will also increase," but this theory applies without abandoning the *ceteris paribus* assumption.

The epistemological origins of learning world systems are the central point of departure that demarcates the huge gap between Occidentalism and Islam, as well as within the dominant structure of thought in the Islamic scientific community, according to the immutable principle of divine knowledge unity in the Qur'an.²³ Choudhury harshly criticizes present attempts in Islamic economics for lacking an epistemological framework and the necessary facts. As a result, current literature on Islamic economics has gotten locked in a neoclassical paradigm based

²² Azwar Iskandar and Khaerul Aqbar, "Kedudukan Ilmu Ekonomi Di Antara Ilmu Ekonomi Dan Fikih Muamalah: Analisis Problematika Epistemologis," *Nukhbatul 'Ulum : Jurnal Bidang Kajian Islam* 5, no. 2 (2019): p. 88–105.

²³ Masudul Alam Choudhury, "Tawhidi Islamic Economics in Reference to the Methodology Arising from the Qur'ān and the Sunnah," *ISRA International Journal of Islamic Finance* 10, no. 2 (2018): 263–76, <https://doi.org/10.1108/IJIF-02-2018-0025>.

on secular western epistemology. As the heart of the Islamic worldview, tawhid is the source of Islamic economic epistemology.²⁴

The reasoning in *Fiqh Mu'āmalah* is qualitative; an; an example that can be stated in this case is the sharia rule, which reads:

الأصل في الأشياء الإباحة حتى يدل الدليل على التحريم.

"The original law in everything is permissible until there is proof that forbids it".²⁵

For example, the prohibition of the practice of usury in banking is only because there are arguments that forbid it. In Al Baqarah 275, Allah says:

ذَلِكَ بِأَنَّهُمْ قَالُوا إِنَّمَا الْبَيْعُ مِثْلُ الرِّبَا وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا.²⁶

"That is because they say, "Trade is [just] like interest." But Allah has permitted trade and has forbidden interest. "

Axiologically, there is a fundamental gap between *Fiqh Mu'āmalah* and Economics. Economics essentially has a goal of providing human needs as social beings, while *Fiqh Mu'āmalah* has the function of regulating the legality of a transaction within the framework of sharia and regulating a good contract law that is both commercial and social ²⁷. Pragmatically, the orientation of economics is more materialist, while Fiqh focuses more on normative studies. In simple terms, it can be said that economics focuses on strategic studies, and *Fiqh Mu'āmalah* determines the legal status of a transaction.²⁸

Islamic economics is a social science that studies behavior, choices, and how Muslims decide on economic problems that did it. Although in the paradigm of Modern Western science, juxtaposing science and economics with religion is problematic, not even a few objected. So at this locus, the difference between Islamic and conventional economics. It can even be called a factor why conventional economics, based on the philosophy of Positivism, is considered a failure in exploring economic and human issues.²⁹

²⁴ Nurizal Ismail, "Scrutinizing The Epistemology of Islamic Economics: A Historical Analysis," *Tsaqafah* 12, no. 1 (2016): 19, <https://doi.org/10.21111/tsaqafah.v12i1.367>.

²⁵ Abdullah Sa'īd Al-Lahjī, *Īdḥāḥ Al-Qawā'id Al-Fiqhīyyah* (Tanta: Dar Adh-Dhiya, 2006), 53.

²⁶ Kementerian Agama, "Quran Kemenag," accessed October 11, 2022, <https://quran.kemenag.go.id/surah/2/275>.

²⁷ Khursid Ahmad, *Studies in Islamic Economics* (Leicester: The Islamic Foundation, 1980), p. 59.

²⁸ Cecep Maskanul Hakim, "Mu'amalat (Ekonomi Islam) : Sebuah Problem Epistemologis Dan Aksiologis," *Nurani* 13, no. 2 (2013). p. 39

²⁹ Nurus Shalihin, "Fenomenologi-Ekonomi Islam: Lit Review Atas Epistemologi Ekonomi Islam Masudul Alam Choudhury," *AL-FALAH: Journal of Islamic Economics* 2, no. 2 (2017), <https://doi.org/10.29240/jie.v2i2.299>.

Tawhid, or God's unity, is the basic or core notion that pervades all parts of Islamic economic epistemology. Tawhîd is the core of Islam; without it, there is no Islam. The tawhid is viewed as the unity of knowledge and may be divided into scientific sources, methodologies, and knowledge. Allah's revelation to His Prophet and logic, perceptions, and empiricism is the source of knowledge. God gives the first sort of knowledge by direct revelation and the second through the speculation of logical investigation effort based on his experience of the perceptible and intelligible.³⁰

The existence of differences between *Fiqh Mu'āmalah* and economics epistemologically encourages the idea of integrating the two sciences into the discipline of Islamic economics that synergizes the two. Therefore, there needs to be an emphasis for academics to position Islamic economics so that it can be used as normative economics that discusses how things should be and as a positive science that discusses economic problems that arise in people's lives. So, the methodology that can be developed is the inductive method as a positive economic science to generalize on observations and relate them to Alquran and Hadith and the deductive method as a normative economic science about how to spread economic values and norms contained in Alquran and Hadith in every community's economic activities ³¹.

Islamic economic studies resulting from the two poles of pure economics and *Fiqh Mu'āmalah* are expected to respond to problems strategically without ignoring religious values and norms to meet the community's spiritual and material needs. So that Islamic Economics can build a society as a whole in all aspects of life, culture, and civilization, which is mirrored in the lives of religious and devoted people, innovative and progressive thinking to obtain prosperity in the world and the hereafter.

Islamic Economics emerged from the integration of economic thought that came from ratios along with human observations and *Fiqh Mu'āmalah*, which came from sacred thoughts loaded with religious values based on the guidelines of revelations. The assimilation of the two poles of science makes Islamic economics the perfect form of a value-free secular economic system. The different sources of knowledge from the two sciences then lead to different assessments related to the economic problems of society. Because of different sources of knowledge and the benchmark of truth used, it isn't easy to harmonize pure economics with *Fiqh Mu'āmalah*. Therefore, Islamic Economics emerged as a scientific discipline born from the synergy between two different poles of science.

Information from revelation, fact observation, and intellectual reasoning must all be incorporated into Islamic economic theory's assessment and empirical

³⁰ Ismail, "Scrutinizing The Epistemology of Islamic Economics: A Historical Analysis."

³¹ Janwari, "Implementasi Ekonomi Islam Di Indonesia," in *Diskusi Madrasah Malem Reboan Sivitas Akademik UIN Sunan Gunung Djati Bandung*, 2014.

practices.³² Tawhid approach interacts with and integrates many methodologies of investigation in Islamic economics. Islamic Economist researched, categorized, and evaluated current knowledge to elicit more precise facts regarding the interplay between economic features and Shari'ah regulations and address the problem's sources and consequences.

2. The Relationship of *Fiqh Mu'āmalah* and Islamic Economics in Food Price Policy

Western economics' Enlightenment movement altered the meaning and goal of life for people. It frees them from church constraints and lets them pursue whatever they believe is best for their own interests. Islamic economics' concept and philosophy are diametrically opposed to Western economics' concept and notion. The true idea of Islamic economics is the concept of limited demands and infinite resources. When a man curbs his desires, he becomes a source of assistance to others.³³

The invisible hand is based on the belief that meeting supply and demand will naturally create a market balance. However, this ideology opposes the role of government in all economic activities since it is viewed as the source of economic stagnation. The meeting of demand and supply naturally occurs as a logical consequence of human rationality in life. Every human being desires to be selfish and seek the greatest private advantage. This desire will motivate people to create items that consumers require. However, if there is an excess of production, the market will respond by dropping prices, and vice versa; if there is a shortage of a product, the price will rise.³⁴

The market mechanism, in reality, only sometimes runs effectively and efficiently. First, because the need for information for consumers and producers is only sometimes there, it can cause a surplus or deficit of food stocks in the market, and consumers do not always get perfect information from producers and vice versa. Second, ineffective competition and Unfair competition, such as monopolistic acts, can upset the market equilibrium. Third, there is the appearance of undesirable industrial impacts, such as environmental issues. Fourth, there is a need for residents in the market that cannot always be available, such as public facilities. For example, the Great Depression of the 1930s was a

³² Hafas Furqani and Mohamed Aslam Haneef, "Theory Appraisal in Islamic Economic Methodology: Purposes and Criteria," *Humanomics* 28, no. 4 (2012): 270–84, <https://doi.org/10.1108/08288661211277335>.

³³ Malik Shahzad Shabbir and Husnain Ahmed, "Philosophy behind Islamic Economics: Limited Desires and Unlimited Resources," *Global Review of Islamic Economics and Business* 8, no. 2 (2020): 123–29.

³⁴ Adam Smith, *The Wealth of Nations: An Inquiry into the Nature and Causes of the Wealth of Nations* (Petersfield: Harriman House Limited, 2010), 36.

form of market failure. In the 1930s, John Maynard Keynes, the early formulator of macroeconomics, expressed his thoughts on the importance of government intervention. This thinking is based on the tragedy of the Great Depression, which caused the unemployment rate to be very high. Keynes claimed that the greatest method to save a nation from a crisis where supply-demand was normal was to pressure the government to restore the position of supply and demand in the market through investment and spending policies.³⁵

In classical Islamic literature, some scholars, such as Abu Yusuf, believe that the market must be based on a free-market mechanism that depends on the power of supply and demand without government intervention. This theory is at the core of classical economic thought.³⁶ Abu Yusuf's viewpoint is founded on the Prophet's hadith about his reluctance to set prices in Medina Market.

وعن أنس بن مالك قال : { غلا السعر في المدينة على عهد رسول الله ﷺ ، فقال الناس : يا رسول الله غلا السعر ، فسعر لنا ، فقال رسول الله ﷺ : إن الله هو المسعر ، القابض ، الباس ط ، الرازق ، وإني لأرجو أن ألقى الله تعالى وليس أحد منكم يطلبني بمظلمة في دم ولا مال } رواه الخمسة إلا النسائي ، وصححه ابن حبان

*Prices were too high during the Prophet's time. Then the people said: "O Messenger of Allah, the prices have become expensive. Give us a pricing policy; then the Messenger of Allah said: Indeed, Allah is the One who sets the price, the One who holds back and distributes sustenance; and I hope that later I will be able to face Allah in the condition that no one among all of you will sue me because of injustice in the shedding of blood and wealth."*³⁷

However, Ibn al-Qayyim has a different view regarding food price policies, believing that when the market is experiencing a slump because of unbalanced prices, government intervention is a must. If you look at it historically, Abu Yusuf lived long before the time of Ibn al-Qayyim, so it is not surprising that Abu Yusuf was more textual without emphasizing complex economic realities such as Ibn al-Qayyim, who lived during economic conditions in the political chaos of the Abbasid caliphate. This shows the elasticity of ijtihad in the study of *Fiqh Mu‘āmalah*.

³⁵ J M Keynes, "The General Theory of Employment," *The Quarterly Journal of Economics* 51, no. 2 (February 1, 1937): 209–23, <https://doi.org/10.2307/1882087>.

³⁶ Yūsuf, *Kitāb Al-Kharāj*, 48–49.

³⁷ Abu Dawud, *Sunan Abi Dawud* (Egypt: Dar Al Alamiyyah, 2000). p. 342, Hadits no 3451.

تغير الأحكام بتغير الأزمنة والأمكنة

"The law changes in line with the changing times and places." ³⁸

From the perspective of Muamalah Fiqh, government intervention in food price policies is very necessary and can even become mandatory if the policy is based on the benefit of the people. In the rules of Fiqh, it is stated:

تصرف الإمام على الرعية منوط بالمصلحة

"The leader's policy on his people must be related to the benefit." ³⁹

If the benefit cannot be achieved when the government intervenes, then the price policy does not need to be enforced. It is like the Prophet was reluctant to set the price because the market in Medina, according to him, would still be fine without a price policy and letting demand and supply occur naturally.

Answering economic problems by observing reality is a characteristic of economic studies, which are then generalized and quantified into assumptions and theories. *Fiqh Mu'amalah* is a normative foundation and foothold for overcoming transactional problems, so economic studies are not value-free like conventional economics, so the elaboration of *Fiqh Mu'amalah* in economic studies creates the spirit of divine economics, which is full of divine values. Limited texts and the increasingly complex reality require new *ijtihad* in terms of *Fiqh Mu'amalah*.

النصوص معدودة والحوادث غير محدودة

"Sharia texts are limited while new cases are not" ⁴⁰

The reality of social dynamics in the field of muamalah is increasingly complex due to global currents, so the study of *Fiqh Mu'amalah*, in general, is not sufficient a priori to relying on classical books alone, because the formulation of *Fiqh Mu'amalah* in the past has been degraded from the present context if it is not reformulated to be able to respond to modernization related to contemporary economic and financial problems. Therefore, the *Fiqh Mu'amalah* area has a very wide and elastic space for *ijtihad* because cases involving human life will always be dynamic. This characteristic makes muamalah law more flexible to answer the problems of the people in the present context.

Islamic Economics has a different function from *Fiqh Mu'amalah*, namely describing and identifying facts and connecting them with economic phenomena simultaneously, and seeking economic benefits and consequences between the rules of sharia in the long and short term in the order of life. Meanwhile, *Fiqh*

³⁸ Ibn Al-Qayyim, *I'lām Al-Muwaqqā' in 'an Rabb Al-'ālamīn* (Jeddah: Dār Ibn Al-Jawzi, 2002), 41.

³⁹ Al-Lahjī, *Īdhāḥ Al-Qawā'id Al-Fiqhiyyah*, 117.

⁴⁰ Ibn Al-'Arabī, *Al-Maḥṣūl Fī Uṣūl Al-Fiqh* (Beirut: Dār al-Bāyāriq, 1999), 125.

Mu'āmalah has the function of identifying sharia arguments from detailed texts described in the Islamic legal literature in muamalah.⁴¹

The existence of these different functions can also be understood from the basic difference between *Fiqh Mu'āmalah* and Islamic economics, namely that the main purpose of *Fiqh* is to understand the normative assumptions that constitute sharia rules.⁴²

Meanwhile, the main objective of Islamic economics is to understand the descriptive assumptions that aim to identify reality and relate it simultaneously to economic phenomena. With this framework, it is possible to clarify the existence of different functions between Islamic economics and *Fiqh Mu'āmalah*.

In the case of food price policy, *fiqh* books will describe textual evidence to support the prohibition of government intervention related to food price policy based on hadith as one of the main sources in Islamic law. Writings in the field of Islamic economics will identify the problem of price imbalances so that there is a need for government intervention, the types of interventions, their effects on commodity prices, and the amount of production. So, Islamic Economics focuses more on the description of phenomena and searches for the factors that influence the causality of relationships that have relevance. Meanwhile, *Fiqh Mu'āmalah* examines the facts on the ground from a normative standpoint, namely how sharia law is related to that fact, and then provides a set of criteria to determine whether or not it is permissible based on the phenomena and facts that occur. So the author builds the assumption that Islamic Economics is not *Fiqh Mu'āmalah*. However, it is more accurate to say that Islamic Economics was born from a combination of quantitative conventional economic, strategic studies and qualitative *Fiqh Mu'āmalah* normative studies.

Anas Zarqa and Monzer Khaf also argue that there are differences between *Fiqh Mu'āmalah* and Islamic Economics. *Fiqh Mu'āmalah* establishes a foundation with a set of rules in the field of law as the theoretical footing of the latter discipline (Islamic Economics). Islamic Economics understands the process of economic activity related to consumption, distribution, and production in society. Although Anas Zarqa and Monzar Khaf admit that there are different definitions of *Fiqh Mu'āmalah* and Islamic Economics, or the existence of a relationship between the two sciences, they do not make a clear statement about which part of *Fiqh Mu'āmalah* has a relationship with Islamic Economics.⁴³

Second, there is a single function between *Fiqh Mu'āmalah* and Islamic Economics. In this case, it is a formulation related to economic policies and

⁴¹ Rozalinda, *Ekonomi Islam; Teori Dan Aplikasinya* (Jakarta: Raja Grafindo Persada, 2015). p. 10-12

⁴² Zainil Ghulam, "Relasi Fiqh Muamalat Dengan Ekonomi Islam," *Iqtishoduna* 8, no. 2 (2016): p. 128-48.

⁴³ Zarqa, "Islamization of Economics : The Concept and Methodology," 22; Kahf, *Islamic Economics*, 9.

regulations related to public welfare, such as government intervention in food price policy. Historically, Rasulullah SAW was reluctant to set prices in the Medina market, where at that time, he preferred "The Invisible Hand" by saying, "*Innallaha huwa alqabidhu albasithu*," until several generations later, and until now, studies in this field remain a very significant concern.

However, the fact is that America experienced a period of the great depression in the 1930s as a result of the invisible hand failing. Theoretical contributions and phenomena that occur in these two sciences are very important for the framework of both *Fiqh Mu'amalah* and Islamic Economics, with empirical observations and normative foundations, making references to policy steps that are more appropriate and have more beneficial values for the people. Although the two disciplines will look at it from different perspectives, they both have a single function, namely as the basis for formulating public welfare policies. Some writers do not distinguish between *Fiqh Mu'amalah* and Islamic Economics because of the existence of a single accommodative function. Qadri Azizi, for example, thinks that what is right is that Islamic Economics is *Fiqh Mu'amalah*, which is a sub-section of Fiqh, not part of conventional Economics.⁴⁴

Third, the function that provides support to Fiqh. That is a function that directs Fiqh experts to understand the sharia rules that should be applied in certain problems where economic phenomena and facts can be observed to determine which of the rules may have more relevance and *maṣlaḥah* value to be applied than others. As it has been understood that the rules of sharia are to realize the benefit, Islamic Economics is expected to be able to play an important role in realizing the benefit in the context of *istihsan*.

Regarding food price policy, factors in economic conditions, consumer behavior, and policy implications will serve as a reference for Fiqh experts to sort out and determine rules that are more relevant and have greater *maṣlaḥah* value. Imam Suyuthi, in his Fiqh rules, states that:

إِذَا تَعَارَضَ مَفْسَدَتَانِ رُوعِي أَعْظَمَهُمَا ضَرَرًا بِإِثْقَابِ أَخْفَاهُمَا⁴⁵

When there are two conflicting damages, then what needs to be avoided is the damage that is more dangerous by doing less damage.

The impact that will occur when the market mechanism allows the widest possible economic freedom to economic actors without continuous government intervention can lead to market failures that can continuously lead to high inflation, as happened in the 1930s in America with the Great Depression.

Likewise, with the food price policy implemented by the government, when the policy is not right, it can have a significant impact because when the price ceiling (the highest retail price) is set at a level that is lower than the price created

⁴⁴ Azizi, *Membangun Fondasi Ekonomi Umat*, 180–92.

⁴⁵ Al-Lahjī, *Īdhāḥ Al-Qawā'id Al-Fiqhiyyah*, 82.

in the market, it causes excess demand or lack of supply of goods. Production will decrease when prices decline, and demand will increase due to low prices. Demand will be higher than supply, as many consumers want to purchase at lower prices but with limited availability. Then, when the price floors (the lowest retail price) set by the government through its policy are above the equilibrium price level, there will be excess supply. It occurs when producers produce more, but the existing demand decreases due to higher product prices.

The two-way steps of the government in food price policy, between intervening in the market or providing the widest possible freedom for market participants, can both lead to *mafsadah*, but the *mafsadah* that is generated when the government makes no market interventions has a more massive scale of *mafsadah* because of the impact it has. If food price policies can affect the economy at a macro level, then it has become a wise step when the government implements a food price policy, and its policy steps are oriented towards the *maṣlahah* of sellers and buyers in the market. In this case, it is necessary to have policy integration between the ministry of trade and related agencies to achieve constructive policies.

The collapse of value-free economics will clear the door for Islamic economics to advance. In other words, the task for Islamic economics currently is to portray itself as a method to studying societies' attempts to deal with the dilemma of choice in pursuit of their welfare, not just realistically, but also with values embedded within.⁴⁶

Conclusion

The basic difference between economics and *Fiqh Mu'āmalah* in the epistemological aspect created a scientific discipline that combines the two into Islamic Economics. As a normative study sourced from the Al-Quran and hadith, it serves as a basis in economic cases through observation and description of phenomena. Without a touch of values and sharia norms, economics remains value-free. In terms of food price policy, Fiqh texts understood by taking into account the factors of economic conditions, consumer behavior, and policy implications will be a reference in normative-strategic studies for Islamic economists to sort out and determine rules that are more relevant and have more *maṣlahah*. Depending on how essential the product was in general in society, government involvement was required. In addition to inflation, price variation coefficients in consumers are used as an indication to determine if the government should act to stabilize the price of a certain item.

⁴⁶ Mohd Mahyudi, "Rethinking the Structure of Islamic Economics: The Economic Man Imperative," *11th International Conference on Islamic Economics and Finance (ICIEF)* 2, no. 2 (2016): 1–11, <http://irep.iium.edu.my/57857/>.

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