

## TRANSFORMATION OF SHARIA ECONOMY IN THE POPULIST SYSTEM

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**Abstract :** *This research discusses the transformation of sharia economy in the populistsystem. The growth of LKS (Lemabaga Keuangan Syariah) is determined by the strategic role of Indonesia's national development. The most basic national economic problems can be overcome by increasing UMKM / people's economies whose value reaches 99% of the overall onal rice economy. Therefore, it is better to develop sharia / Islamic economy in Indonesia focused on the people's economy, not only on the financial industry sector. The transformation of islamic economy is synergized with the indonesian context of the populist economic system. The basic principles of islamic economic synergy and the populist system are: divinity, justice (social justice), balance (humanity), freedom (deliberation), unity (family), and responsibility.*

**Keywords;** *Transformation, Sharia Economy and Populist System*

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### 1. Introduction

Discipline that is specialized in studying the needs of livingneeds is called economics. Therefore it is required for them to create a priority scale to sort so that it can increase the maximum value. However, when it is an option with various considerations and processes, sometimes what people want is not in accordance with expectations, due to the existence of something that has not been fulfilled. Opportunity cost which we know with the theory that *arises due to scarcity (scarcity)* and the unlimited needs and desires of humans (needs & wants) (*Opportunity Cost*, t.t.).

Economic activities are now more sophisticated and complex because they involve different types of resources, both natural and human and financial. As the capitalist economic system grows and develops on the basis of financial resources, its economic logic develops and is directed towards the benefit of the owners of capital. The system is based on the principle of a free market (markets are determined by supply and demand). The existence of free competition, even to the exclusion of the moral side, strengthens those with large capital, although the repression of weak capital is increasing.

People's dissatisfaction with the capitalist economic system, socialist economy is born on the principle that all societies have equal rights to the factors of production. Factors of production, which include employers, workers, capital, and natural resources, are jointly owned by society and regulated by the state. The role of the

government (state) is very strong and large in managing these factors of production. On the one hand it does foster an attitude of togetherness, there is a term in java "*mangan ora mangan sing penting ngumpul*".

Togetherness and equality become the first way, so there is no motivation to try, because no matter how much they try in the end the rights received are the same as those who do nothing. This is what caused the socialist economic system to collapse with the collapse of the Soviet Union on December 26, 1991.

As a country that adheres to a capitalist economic system, Indonesia is in a prolonged crisis and it remains unclear whether Indonesia has emerged from the crisis. Today, millions of people are unemployed and tens of millions live below the poverty line. The monetary sector is increasingly far from the real sector so that it has the potential to blow up *the economic bubble* (Ramadhani, 2021) that has been formed, and various problems surround the life of the Indonesian economy.

Indonesia's monetary crisis is very serious. In July 1997, the rupiah devalued by 30%, and in July 1998 (1 year), the rupiah devalued by 90%. Therefore, this causes confusion not only in the financial sector, but also in many areas of business that go out of business (Junery, 2015).

As a result of the monetary crisis there are several banks that are liquidated in the country. Hundreds of trillions of dollars forced by the government to disburse to almost the big banks in the form of bonds. However, there are still some banks that are not affected because of the crisis, one of which is Bank Muamalat Indonesia Tbk. The first pure Islamic bank in Indonesia survived the monetary crisis not without reason. Bank Muamalat is considered more resistant than adrift because the Sharia system that is embraced prohibits companies from speculation, as the cause of the financial crisis. From this, the Islamic economic system began to be known in Indonesia with the existence of Sharia Bank. Although the development is very rapid, but still limited to the financial industry (*financial industry*), so sharia economy is often understood and equated with the financial services industry. Forms of financial institutions include commercial banks, local credit banks, insurance companies, capital markets, multifinance, microfinance institutions and cooperatives (*Lika-Liku Jalan Berkerikil Bank Muamalat*, t.t.).

Sharia economic growth in Indonesia is quite good compared to conventional institutions, one of which is with islamic banking growth of 10.14%, compared to conventional banks which is only 3.04% (*OJK: Ekonomi Syariah Bisa Tumbuh Lebih Tinggi Tahun 2021*, t.t.). Based on data from the Financial Services Authority (OJK) recorded the total islamic financial assets of Indonesia, outside sharia shares, reached Rp 1,885.65 trillion as of June 2021. This value increased by 4.6% from total assets as of the end of 2020 amounting to Rp 1,801.46 trillion (*Aset Keuangan Syariah Naik 4,6%, OJK Ungkap Peluang dan Tantangannya - Keuangan Katadata.co.id*, 2021). Deputy Commissioner of Banking Supervisory I OJK Teguh Supangkat said the Islamic banking industry experienced growth in June 2021, both Islamic commercial banks, Sharia business units, and Islamic people's credit banks. Compared to the same period last year, third-party funds (DPK) grew 16.54%, assets grew 15.8%, and financing provided grew 7.35%.

This shows that although the growth of Islamic financial institutions is relatively rapid, it is still difficult to strengthen the national economy. Therefore, the challenges

faced by Islamic banks and non-banks need to focus on increasing market share before their strategic role in the economy is idealized. Such efforts are important because the development of Islamic banks and Islamic non-bank financial institutions is largely determined by aspects of financial expansion. The main problems in the development of Islamic financial institutions are lack of capital, limited institutional capacity and professional resources (Ramdania dkk., 2020).

Lack of capital due to limited sources of domestic funding. However, from the perspective of institutional capacity building, it refers to product compatibility in the financial industry and adherence to Sharia principles, in the nuances of sharia *maqasidus*. But nevertheless the fulfillment of the needs of hr yang professionals has begun to be overcome with the emergence of education and seminar industries, training in the field of Islamic finance.

The growth of LKS (Lembaga Keuangan Syariah) is determined by the strategic role of Indonesia's national development (Hidayah, t.t.). The most basic national economic problems can be overcome by increasing UMKM / people's economies whose value reaches 99% of the overall national rice economy (Hardi, 2020). Therefore, it is better to develop sharia / Islamic economy in Indonesia focused on the people's economy, not only on the financial industry sector.

## **2. Literature Review**

The results of research on the transformation of sharia economy in the populist system include;

*Zakaria Bara with the theme of Sharia economy as the foundation of the populist economy to achieve a prosperous Indonesia*, in the study concluded that the similarity of characteristics in the populist economy and sharia economy gives a new indication that in addition to the Socialist and Capitalist economy that has long been used as the basis of the populist economy that has not actually produced results actually decreased. Until now, there is a newly introduced economic system in Indonesia, namely sharia economy. The instrument of driving and balancing the country's economy from the Sharia economic system if applied in the populist economy in Indonesia, it is certain that a country that is upright and strong with its prosperous people, of course, with several stages of the path of internalization of sharia economy, namely the path of educational institutions, financial institutions, and strengthening with legal channels (BatuBara, 2012).

*Ahmad Misbah with the theme of pesantren-based populist economy in this study* concluded that the pesantren economy is one of the indicators of people's economic growth is starting to grow and develop in a better direction. Pesantren economic activity at the beginning of its goal for institutional independence has become a large capital that has the potential to be developed for the economic empowerment of the people.

## **3. Methodology**

The method used in this research is the *library research* method with a descriptive approach to analysis. Data sources obtained by researchers from reliable and valid sources both from expert thinking and researchers about Sharia economy.

Data is categorized into two, namely primary data and secondary data. Primary data in the form of opinions agree with experts and skunder data obtained from writings that are in line with this writing. Data that has been processed is then analyzed in harmony with the object / theme of research (*content analiysis*).

#### 4. Results And Discussions

##### 1) Design an Islamic Economy

To study Islamic economics we must first know the design of economic development including: understanding islamic economics, Islamic economic principles, and the madhhab of Islamic economic thought.

Economics comes from the Latin *oikos* and *nomos* introduced by the philosopher Aristotle in Ancient Greece. *Oikos* means household, while *nomos* means "science". Economics is the study of production, distribution and consumption carried out by individuals living in one family (household).

The economic arena is the scientific study, there are three stages in the process of understanding and discussing it, namely: *ontology* (existence), *epistemology* (how), and *axiology* (usth value, results, goals). In the discussion of *ontology*, this means discussing what problems arise in this life from the point of view of production, distribution, and consumption. If it is associated with *epistemology*, it means a human way of solving problems that arise from the fulfillment of needs. . While from the aspect of *axiology* includes the purpose of economic activities, namely to preserve the needs of life.

Sjafruddin Prawiranegara views the same between Islamic economy and conventional economy. According to technocrats in the 1950s, there was no understanding between the two, with the difference that Islamic economics was based on Islamic moral teachings (Rahardjo, t.t.).

In the book entitled *An Integral Approach to Development Economics* explained about the importance of Islamic economics:

*"The Islamic economic system is thus based on eliminating interest, uncertainty, gambling and unethical concerns while promoting justice and fairness in a trans-cultural and trans-disciplinary manner, in an integral dynamic covering time and space. It seeks to promote a system founded on moral sentiment, love and sincerity; on production, labour and capital, and on the peaceful co-existence of all" (AlAbbadi, 2020).*

*The Islamic economic system is to prohibit economic actors from carrying out transactions that contain elements such as interest, speculation, gambling, and some things that are not ethical in accordance with islamic values. Until now there is a commonly referred definition of Islamic economics, hasanuzzaman argued: Islamic economics is the knowledge of the application of orders (injunctions) and ordinances (rules) set by sharia to prevent injustice in the digging and use of resources to meet human needs, in order to carry out obligations to Allah (Moosa dkk., t.t.).*

The second idea defined by Mohammad Arkham Khan, namely Islamic Economics aims to examine human success achieved through the management of resources based on the principle of gotong royong (Rahardjo, t.t.). What is still a conversation after the interpretation of Islamic economics is the use of

Islamic economics or sharia. Because there are concerns that if the Islamic economy is equated with sharia economy that operates in the field of financial industry, it can later cause Islamic economic thinking will reap many obstacles, which are only profit oriented. From this came the idea to be directed at the doctrine of *al-maqashid al-shari'ah* as the doctrine of Islamic welfare.

*Al-Maqashid al-shari'ah* according to al-Ghazali is to improve the well-being of all human beings which lies in the protection of faith (hifdzu ad-din), soul (hifdzu an-nafs), reason (hifdzu al-'aql), offspring ((hifdzu al-nasl) and wealth ((hifdzu al-mal) them. Anything that guarantees these five things guarantees the public interest and is desirable (Khatib, 2018).

This is in line with the statement below:

"The Islamic moral economic system is based on fiqh al-muamalat – Islamic commercial jurisprudence derived from the Shariah, Islamic law: The very objective of the Shariah is to promote the wellbeing of the people, which lies in safeguarding their faith (din), their self (nafs), their intellect (aql), their posterity (nasl), and their wealth (mal). Whatever ensures the safeguard of these five serves public interest and is desirable, and whatever hurts them is against public interest and its removal is undesirable. This system seeks to promote a moral, socio-economic system that eliminates undue profits in business transactions and a bias-free social structure" (Baswir, 2015).

That the Islamic moral economic system is based on fiqh al-muamalat (sourced from Islamic Sharia). The main purpose of Shariah is to prioritize the welfare of the people, by maintaining their faith (din), themselves (nafs), reason (aql), descendants (nasl), and property (mal). Anything that guarantees the protection of these five matters in the public interest and anything harmful is contrary to the public interest. This system seeks to put forward moral, social economy, eliminating the concept of business just for profit.

As with the diversity of definitions of Islamic economics, there are actually two essences or essentials of Islamic economics.

- a. Sharia economics: an economic science based on Sharia law, especially muamalat.
- b. Islamic Economics: The essence of Islamic economics is the ethics or moral reason that underlies human behavior in conducting economic activities (moral science).
- c. In the writings of Hafas Furqani in building Islamic economics with scientific typology. The typology is (Furqani, 2016):
  - a. Methodology of jurisprudence (uṣhul al-fiqh): The object of jurisprudence and economics is different, jurisprudence discusses the laws of human behavior, while economics examines human behavior whose broader scope is not just law. Jurisprudence methodology is insufficient in understanding highly dynamic economic realities. Jurisprudence and economics methodologies have different goals.
  - b. Methodology of pluralism: Articulation of Islamic economics uses a variety of methodologies, because Islamic economics requires a flexible and dynamic methodology. This method is based on Islamic



epistemology that recognizes various sources of science (knowledge and theories can be born). Uses various sources of science and methodology to uncover the true truth (objective truth, logical truth, and truth of revelation). These methods do not contradict each other but complement each other.

- c. Methodology of Islamization of science that attempts to interact and integrate the methodology of economics and methodology contained in the Islamic sciences. The methodology of Islamization of Islamic economics uses a body of knowledge or conventional economic methodology that is considered good and in accordance with Islamic principles. In revising conventional economic theory, there are two ways that can be done according to Kahf, namely: takhliya (identifying and isolating economic fungi that are considered incompatible with Islamic principles); Tahliya (incorporating new economic postulates extracted from Islamic principles) in order to revise the conventional economic theories (Smelser, 1967).

In the design of Islamic economics, after defining Islamic economics, the next adalan explained the principles of Islamic economic principles. Islamic economics has two dimensions: material and non-material dimensions. The basic principles built in Islamic economics are five: tawhid, just, and balance, free will, and responsibility (Naqvi, 1981).

The concept of tawhid is reflected not only in the vertical relationship (man with the Creator) but also the horizontal relationship. As a reflection of this principle are:

- a. Do not discriminate against others considering race, color, gender, religion, and others.
- b. Not doing unethical practices
- c. Do not hoard wealth (ikhtinaz), using the guidance of Allah Swt.

The principle of justice is a fundamental teaching that covers all aspects of life: economic, social, political, and even environmental. Adil according to Abdurrahman Wahid in his paper entitled "Concepts of Justice" means: true, impartial, safeguarding one's rights, the right way of decision-making, balance, and equality (Majid & Rachman, 1994).

The principle of balance means that we are moderate. It's no exaggeration in responding to or positioning everything. Balanced in meeting the needs of the world and the hereafter (Akhmadi & Kholish, 2016).

The principle of freedom is meant by freedom framed by tawhid means free with the limits set by Allah in the Qur'an. This principle is a complementary element in the concept of "khilafah". Because to some degree man is endowed with free will to lead and guide his own life as caliph on earth (Yusuf, 1997). The potential of reason by Allah can be applied by humans as caliphs to think critically.

The principle of accountability, this principle is the co-part of freedom. The reflection of this responsibility, that every human action must have a reply and consequences. If people have the freedom to own certain property, then the

accountability includes: how they got the property and how they used it, and whether the property is utilized by violating islamic sharia or not.

In its development there are three alilran islamic economic thoughts that develop. In the book Islamic Macroeconomics Adiwarman Karim, there are mentioned there are three schools of Islamic economic thought (Karim, 2021):

Madzhab Iqtishaduna: This school explains that the wants and needs of manusia are limited, while resources (needs-making tools) are unlimited. Because according to this school that God has created everything exactly and according to what is needed. The problem lies in improper management and distribution by economic actors.

Mainstream madzhab: this school that many contemporary Islamic economic thinkers follow. That human wants and needs are unlimited, while resources are limited. As explained in the Hadith of the Prophet "the third man was given 1 mountain of gold asking for 2, when given 2 asking for 3, and so on they were never satisfied". This is in line with what is explained and the theory of economics convention. However, according to this school that the variable variables in conventional theory are not completely wrong, and if there are those that are not in accordance with Islamic values and principles then that is what is replaced.

The madzhab is a critical alternative, as a madzhab of Islamic economic thought initiated by the Eastern Quran. This madzhab criticized the two previous madhhabs.

According to him, madzhab iqtishaduna only blames or makes theories that are always contrary to conventional theories. As for his opinion for mainstream flow, that this flow changes only a few variables (add or subtract) conventional economic theory.

In addition to the division of madzhab above, Dawam Rahardjo divided the islamic economic flow into 4 (Rahardjo, 2015), namely the first, sharia school that views Islamic economics as the implementation of sharia law in the field of economics or management of economic resources. In this school economics is seen as fikih muamalat as described by Ibn Rushd a fuqaha author of the book "Bidayah Al-Mujtahid".

Second, seeing Islamic economics as an economic moral, this thought refers to the thoughts of al-Ghazali and Ibn Taymiyyah in the discourse of Economic Theology. This theory is also developed by Heider Naqvi in his work which reminds us of Amitai Etzioni's book entitled "Moral Dimension of economics" (Etzioni, 2010).

Third, a historically sociological school that sees Islamic economics as a positive normative science. Referring to the thoughts of Ibn Khaldun in the Book of Muqaddimah. Fourth, the school of political economy developed by Abdurrahman Al-Maliki in his book "al-Siyasah al-Iqtishadiyah al-Mutsala".

## **2) The Value of Pancasila in the Populist Economy**

A populist economy is a system carried out by the people, for the people, and aimed entirely for the benefit of the people. The people's economy was literally born by Indonesian economists as an attempt to explore the economic potential of the Indonesian people through an alternative economic system that

has actually been run by the people. In practice, the populist economy was already run by the people before the word populist economy was born (Rizal, 2011).

If you look at the actual history of the populist economy already existed before the period of independence which is reflected in the thinking of Moh.Hatta. Hatta's thoughts about the economic decline of indigenous peoples because the economy is controlled by non-indigenous peoples (invaders). Alternatives initiated by hata adalah economic development of the people through cooperatives (Baswir, 2006).

Populist economy is often referred to as a normative concept, namely an economy oriented to the values of Pancasila. In general, the purpose of a populist economic system is social justice or a just and prosperous society. But how the form of society that is socially just or fair and prosperous must be formulated. The meaning of social justice is that society has the same right to gain access to factors of production. The nature of the people's own economy is moralistic, democratic, and independent (Malau, 2016).

Moralistic means that any economic action taken is based on ethics. Although in the business world there is still competition, but the competition that exists does not abuse others. Demokartik means that people (people) have freedom in accessing resources owned by the state, of course, freedom here is still accompanied by a sense of responsibility. Independence is the attitude and nature of society does not always depend on others in everything, people are motivated that they are actually able to perform their respective duties and responsibilities.

Ismawan added the characteristics that the people's economy has based on the type of activities in question, among others: informality, mobility, family and independence (Ismawan, 2002). Informality suggests that the majority populist economy runs outside the legal framework. There are weaknesses in economic rules or the government's inability to create systems, eventually using existing systems (and often considered impartial to small businesses and people). This is behind the popular economy developing fertile (with or without rules). But this has a negative impact, because with its informal nature causes limited access to capital either to formal financial institutions such as banks or government assistance. As a result, sometimes the informal sector must relate to non-formal financial institutions (loan sharks / banks "thithil" that are very high interest. It seems that this informal characteristic as an innovative effort of the community to overcome capital problems in starting a business. In addition, as an effort to overcome bureaucratic obstacles due to limited access to public information about business rules.

Aspects of mobility have the meaning of volatile, moving and moving. With its informal nature and the presence of external factors that directly and quickly bring consequences for society, these consequences are the absence of guarantees of the sustainability of economic activities. In and out of the market becomes something that is easy to do, for example, there are opportunities in the market to open certain businesses people will flock to the market. If it is felt that the market is no longer profitable for the business, the community will leave it.



These characteristics are excluded for businesses in the agricultural and fisheries sectors (Rizal, 2011).

Self-reliance is a populist economy that develops and is perceived by society, government or economic actors. Therefore in practice some parties still limit themselves from this popular economic system. The populist economy is still considered a risky and unbankable sector (unfit to access banking financing). Because this system is still considered as a sector of poverty reduction, empowerment of micro, small and medium enterprises so that it is still done less than optimally. This treatment is what then encourages the populist economy to become independent.

Understanding popular economics with a philosophical approach means looking at it from the side of ontology, epistemology and axiology. Populist economics with the assumption of ontology, that the perpetrators of the populist economy are intact human beings who can reach a high stage of early actualization as creatures. Man is balanced in all aspects: material-non-material, individual-social.

The epistemological problem of understanding popular economics concerns the methods and practices of this system. In order to be ideal, it is necessary to correlate economics with other sciences. Speaking of scientific correlation problems in understanding the study of certain objects there are several ways: interdisciplinary, transdisciplinary, and multidisciplinary.

Interdisciplinary is a method of understanding one object of study by involving several people who have different skills but are still a family of science (some people with different skills who are a family of science study 1 object) (Rohmatika, 2019). Transdisciplinary is a method of understanding one object performed by one person with a background of several skills. While the multidisciplinary method of studying one object of study from a different scientific point of view (which is relevant).

The following will be more detailed characteristics of the populist economic system, namely:

- 1) Based on the principle of family; developing cooperatives (Pasal 33 ayat 1).
- 2) Things related to the lives of many people controlled by the state; developing SOEs (Pasal 33 ayat 2).
- 3) Management and supervision in the utilization of the earth, water, and all the wealth contained therein for the prosperity of the people (Pasal 33 ayat 3).
- 4) Maintain economic stability through fiscal and monetary policy.
- 5) Ensuring every citizen has his or her right to a decent job and livelihood (Pasal 27 ayat 2).
- 6) Caring for the poor and abandoned children (Pasal 34) (Baswir, 2015).

The characteristics or characteristics of the popular economic system above are in line with what was mentioned earlier that the populist economy is oriented towards the value of Pancasila. Pancasila consists of five precepts, when internalized and interconnected with the economy of the richness contains the meaning:

1. *The value of divinity: the economic system runs based on religion and ethics.*
2. *Humanity, the economic system puts forward humanist principles and is not exploitative.*
3. *Unity, every economic activity is carried out together based on family azaz*
4. *Deliberation and democracy, the economic system is in harmony with the values of democracy (from the people and for the people).*
5. *Justice, this value means the management of resources and distribution is regulated as much as possible for the welfare of the people.*

The populist economy has five main goals:

- 1) Availability of decent livelihoods and employment opportunities for all communities.
- 2) Social security systems for members of the community in need, especially the poor and displaced children, can be carried out.
- 3) Capital ownership (material) is distributed to members of the public equally.
- 4) National education can be carried out free of charge for every community.
- 5) The independence of every member of society to establish and become a member of an economic union is guaranteed (Malau, 2016).

Talking about economic development cannot be separated from the moral values of humanity and also the populist economy. The populist economy itself is a humanistic economy based on the achievement of the welfare of the people at large. Economic development must also base on humanity and avoid free competition and oppression of one another. Therefore, economic development must be based on the moral values of Pancasila (Malau, 2016).

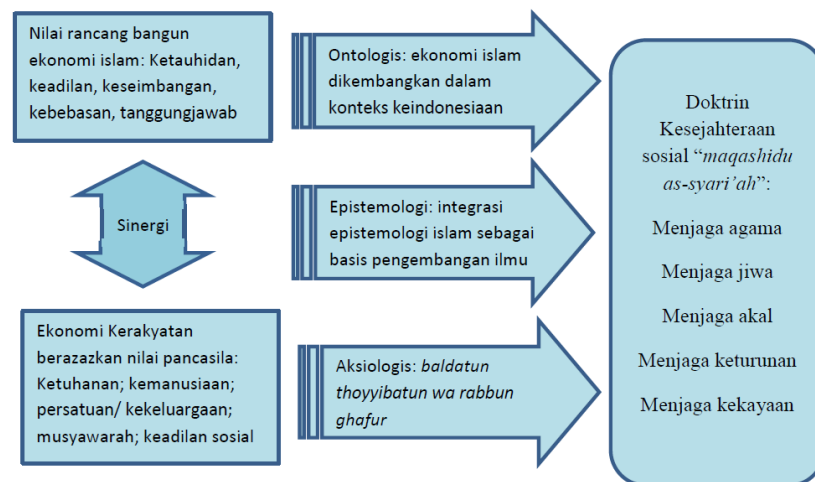
As a cornerstone of the economicsystem, the populist economy has advantages and disadvantages. The advantages of the populist economy are: the people are protected from unhealthy competition, able to improve the welfare of the people, minimize the gap between the Rich and the Poor, and create a synergistic relationship between the Owners of Large Capital and the Community as partners. In addition, as explained in the characteristics of the populist economy of the mobility subsection, that this characteristic is an advantage because it can quickly and innovatively respond to a change. While the weakness of this system is less desirable for large capital owners because their profits need to be shared proportionally with the community (Malau, 2016).

## **Discussion**

### **1) Synergy of Islamic Economy and Populist Economy, A Transformation of Systems and Institutions**

There are 4 variables that will be tried to be discussed in the following subbabs, namely: synergy, transformation, Islamic economy and populist economy. Synergy means joint activities, incorporation. Synergy comes from the Greek *synergos* which means working together. The form of a process or interaction that produces a harmonious balance so that it can produce something optimal. There are several main conditions of synergy creation, namely trust, effective communication, fast *feedback*, and creativity (Petuguran, t.t.).

Synergy here does not include cooperation in the sense of working independently without any functional and structural relationships, but cooperation in the sense of building an efficient and effective work system thanks to the existence of functional relationships between one sub-system and another sub-system. This is what is mentioned in satau *qaul: Al-Ittihad yujad al-quwwah* (synergy brings strength). The core of synergy actually utilizes differences, instead of tolerating differences let alone challenging them.



Source: Primary Data, 2021

While transformation in the dictionary Indonesian is interpreted by changing the shape, appearance, by increasing or reducing the elements in a system.

From the meaning of synergy and transformation and the study of Islamic economics and popular economy, the discussion this time will be divided into two studies, namely:

- 1) Synergy of Islamic economy and populist economy as a form of system transformation. The following will be explained a chart to illustrate the synergy of Islamic economy and populist economy in realizing the welfare of society:

Islamic economics developed in Indonesia as a system is often called Sharia economy. The mention of Islamic Economics or Sharia Economy in principle has a strong and scientific basis. Using the name Islamic economics, economics is a science in which it regulates the behavior of society at large based on islamic morals, ethics and morals. While the use of the term Sharia Economy because it as a science based on Islamic law to regulate actions economic actors whether in accordance with Islamic sharia or not.

In synergizing between Islamic economics and populist economy we see the principle of both first. Basic principles in Islamic Economics: martyrdom, justice, balance, freedom, and responsibility. While the principles of popular economy in accordance with the value of Pancasila

are: Godhead; humanity; unity/ family; deliberation; Social justice. The two principles when combined become: divinity(divinity), justice (social justice), balance (humanity), freedom (deliberation), unity (family), and responsibility. It can be explained in more detail that in carrying out economic activities (production, distribution and consumption) based on the following principles:

- a. Economic activities are always based on good intentions and seek the pleasure of Allah. And the economic actor feels that everything he does must be God watching and watching. Examples in economic transactions there are several things that are prohibited, namely: maisir, gharar, riba, tadelis, talaqqi rukban, and ihtikar. Because in this element even though the other party does not know but Allah must be all-knowing.
- b. Justice or social justice is treating oneself or others fairly, according to its portion and level.
- c. Balance (humanity): balancing between personal and class interests (groups, material and non-material balance, balance of the world and the hereafter)
- d. Freedom (deliberation): every economic actor is free to argue in the mushawarah to determine and establish agreement. Freedom here is not absolute, meaning it still has limits and rules.
- e. Unity: considering the other party when taking economic action, whether detrimental or beneficial and positive impact. Teach the value of patience to yourself and others, to forgive each other, appreciate, and tolerate differences.
- f. Responsibility: as the caliph on earth (Indonesian citizen) has a responsibility for whatever he does, consequently he must be ready to be supervised by others. Everything you do has a *reward* and *punishment*.

The five basic principles of Islamic economic values synergized with the basic values of Pancasila are applied in Indonesia with regard to social, cultural, political, geographical and all fields. It can be interpreted in an identical sense with the Indonesian "Islamic economy of the archipelago".

Not only make Islam limited to the name (label) / Islamization of the economy in Indonesia. But make Islam as a value to develop the economy in Indonesia. With the implementation of Islamic economic principles adapted to Indonesian conditions and not just labels (Islamization) it will be created "*Baldatun Thayyibatun Wa Rabbun Ghafur*". A country whose people are prosperous, prosperous, happy, and feel safe living in Indonesia. Safe from human immoral acts (crime) or safe from natural disasters (due to society's excessive exploitation of natural resources, without rules).

The ultimate goal of the process is the well-being of all levels of society. The indicator of welfare is the sharia *maqashidu indicator*.

2) Synergy of Islamic economy and populist economy as a form of institutional transformation



Sumber: Data Primer, 2021

During this time, many developed with the Islamic economic system are bank and non-bank financial institutions. The Islamic economy has not touched the real sector much. Whereas many real sectors (goods and services) in Indonesia are very potential to be developed with sharia principles. Among them are: fashion, beauty clinics, hotels, tourism, and many other sectors that can be optimized.

Actually, there are many real sectors (goods and services) that have used Sharia labels, but in its implementation there are still many who position Sharia to the extent of a label and trend.

## 5. Conclusion

In economic life the meaning of this transformation means to change an economic system that is only oriented to profit and exploitation, into a system that prioritizes some islamic economic principles. The transformation of islamic economy is synergized with the indonesian context of the populist economic system. The basic principles of islamic economic synergy and populist system are: divinity, justice (social justice), balance (humanity), freedom (deliberation), unity (family), and responsibility. The principle of Islam in the indonesian context is carried out in realizing the welfare of the community. People live in a country with prosperity and feel safe.

Islamic economics (Islamic economy) developed in Indonesia is not only focused on financial institutions (banks and non-banks) but also touches the real sector. The application of sharia principles with the established agreement, as a parameter of the level of obedience to carry out transactions in accordance with Islamic sharia. However, Islam or Sharia is not only used as a label (labelization), but rather used as a value.

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