

**Islamic Economic Development Strategy According to
Adiwarman Azwar Karim**

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Abstract

Adiwarman Azwar Karim is one of the experts in the field of Islamic economics so that he is included in the list of fundamentalist Muslim thinkers. His contribution to the development of Islamic banking and economics in Indonesia is not only as a practitioner, but also as an academic. The method in this study is a qualitative literature review. The Islamic economic development strategy that he designed has three levels, namely Islamic economic theory, Islamic economic system, and Muslim economy. The three levels refer to the components of language, discourse, main actors, and arguments related to the development of Islamic economics. When one of these levels is not achieved, it will not result in the establishment of Islam in the economic field. A strong Islamic economic theory without the implementation of the system will not have an impact on economic life.

Keywords Development Strategy; Components of Language; Discourse;
: Main Actors; Argument; Islamic Economics

Introduction

The revival of the Islamic economy is no longer wishful thinking. Slowly but surely Islamic values began to color Indonesia's economic activities. Indeed, the fire is still far from being roasted, but most importantly as a first step, the presence of Islamic

economic ideas and concepts has been accepted and has begun to show very significant progress.¹

The development of Islamic economics in Indonesia is also inseparable from the services of Islamic economic thinkers. They have contributed a lot, not only from their brilliant thoughts on Islamic economics but also dedication in the development and development of Islamic economics in Indonesia. Among these economists are Dawam Rahadjo, A. M, Karnaen Perwata Atmaja, M. Amin Aziz, Muhammad Syafi'i Antonio, Zainal Arifin, Mulya Siregar, Riawan Amin and also Adiwarmar Azwar Karim. However, in this paper, the author focuses on discussing the thoughts of one of the Indonesian economists, Adiwarmar Azwar Karim. Because it is undeniable, he also has a big role in the development of Islamic economics in Indonesia, including through his writings that are able to enrich scientific treasures, especially in the field of Islamic economics, and also through his contribution to the development of Islamic banking in Indonesia. Even Adiwarmar Azwar Karim is also nicknamed the 'Begawan of Islamic Economics'.²

Adiwarmar Azwar Karim born in Jakarta on June 29, 1963 is a reflection of a young man who has a hobby of learning. He took his undergraduate education at two different universities, IPB and UI. He obtained his Engineer degree in 1986 from the Bogor Agricultural Institute (IPB). In 1988 he successfully completed his studies at the European University, Belgium and obtained his M.B.A. After that, he completed his studies at UI which had been abandoned and received a Bachelor of Economics degree in 1989. Three years later in 1992, he also earned an M.A.E.P. In addition, he has also been involved as a Visiting Research Associate at the Oxford Center for Islamic Studies.³

His academic capital and consistency in economics led him to research various prestigious careers. In 1992 he became an employee of Bank Muamalat Indonesia, having previously worked at Bappenas. His career at BMI was brilliant, his

¹ Adiwarmar A. Karim, "Pengembangan Ekonomi Islam dan Perannya dalam Peningkatan Kesejahteraan Umat", *Jurnal Tarjih*, Vol. 9, No. 1, 2007, hlm. 79-89.

² Firda Zulfa, "Pemikiran Ekonomi Islam Adiwarmar Azwar Karim", *el-Faqih: Jurnal Pemikiran dan Hukum Islam*, Vol. 1, No. 2, 2015, hlm. 17-31.

³ Nur Chamid, *Jejak Langkah Sejarah Pemikiran Ekonomi Islam*, (Yogyakarta: Pustaka Pelajar, 2017), hlm. 391.

early career as a R&D staff. Six years later he was trusted to lead BMI's West Java branch. His last position at the pioneering Islamic bank was as Vice President Director. This position was held until 2000, when he decided to leave BMI. According to him, deciding to leave BMI is not an easy matter. Because, working in a sharia bank has been his desire since he was a student. Therefore, he only dared to decide to leave BMI after performing istikharah prayers for 6 months. His departure from BMI was due to having a bigger agenda to be achieved, namely fighting for the opening of a sharia division in conventional banks. The results of his efforts can be seen today, with the opening of sharia divisions, units and outlets in several conventional banks, although that is not the only factor causing it.

After leaving his position at BMI, in 2001 with a capital of Rp 40 million Adiwarmanto then founded a consulting company called Karim Business Consulting. Initially, many parties, including those who joined the company, initially viewed the prospects of the company they lead pessimistically. This is understandable, because at that time Islamic banks in Indonesia were only BMIs. However, along with the development of Islamic economics and Islamic banking in Indonesia, currently the company he leads has become the first reference for various economic problems in Islamic or sharia banking.⁴

Adiwarmanto's contribution to the development of Islamic banking and economics in Indonesia is not only as a practitioner, but also as an academic. He is a guest lecturer at a number of well-known universities such as UI, IPB, Airlangga University, UIN Syarif Hidayatullah and a number of private universities to teach Islamic banking and economics. At some of these universities, they also established the Shari'ah Economics Forum (SEF), a model of an Islamic economic network engaged in the scientific field. The institution organizes non-curricular education which is held for two semesters and is prepared as a means of Islamizing the economy through the campus route.⁵

⁴ Adiwarmanto A. Karim, *Bank Islam: Analisis Fikih dan Keuangan*, (Jakarta: PT. Raja Grafindo Persada, 2004), hlm. 4.

⁵ A. Dimiyati, *Redefinisi Keilmuan Ekonomi Islam Indonesia Studi Atas Pemikiran Ekonomi Islam Adiwarmanto Azwar Karim*, <http://didim76.multiply.com/journal/item/5>.

In 1999, Adiwarmanto together with approximately forty-five Indonesian Muslim figures and scholars agreed to establish the IIT-I (The International Institute of Islamic Thought-Indonesia) institution. IIT-Indonesia, as its parent organization domiciled in the United States, is an institution for the study of Islamic thought that seeks to explore the Islamization of science as an Islamic response to the development of science. In 1981, the effort was originally initiated by several Muslim scholars in the United States. In Indonesia, similar efforts have been made through the development and exploration of Islamic economics. The overwhelming response to this effort is evident, among others, by the increasing number of banking institutions adopting the sharia system.

Just like its parent organization, IIT-Indonesia has developed as a non-profit organization operating in the area of thought and culture. IIT-Indonesia is independent, not affiliated with any local movement. Its mission is to develop Islamic thought and its methodology in order to increase the contribution of Muslims in building a better common civilization. Together with IIT-I, he spread his ideas about Islamic economics. Adiwarmanto's expertise in Islamic economics is increasingly recognized by his appointment as a member of the National Sharia Council and his involvement in preparing the issuance of the Sharia Banking Law.⁶

Various ways have been done in developing the Islamic economy in Indonesia, both in terms of academics and practitioners. To expand this research, the researcher collected various works of previous researchers regarding Adiwarmanto Azwar Karim's thoughts on Islamic economics. Research conducted by Firda Zulfa⁷, explains that he puts himself in a rationalist-intellectual-fundamentalist position. The approaches and methods used in developing Islamic economics can be mapped into historical approaches, fiqh approaches and economics. His main thoughts include: redefinition and design of Islamic economics and intellectual integration and 'harakah': campus-government-practitioner. In addition, Yoiz Shofwa Shafrani⁸, also explained that Adiwarmanto's thought process and discourse, when viewed from the

⁶ Nur Chamid, *Jejak Langkah Sejarah Pemikiran...*, hlm. 393.

⁷ Firda Zulfa, "Pemikiran Ekonomi Islam Adiwarmanto...", hlm. 17-31.

⁸ Yoiz Shofwa Shafrani, "Rancang Bangun Ekonomi Islam Adiwarmanto Karim dalam Kajian Epistemologi Islam", *el-Jizya: Jurnal Ekonomi Islam*, Vol. 8, No. 2, 2020, hlm. 228-242.

epistemological method, combined the bayani and burhani methods. The method of acquiring knowledge is through historical, fiqh, and economic approaches. Then for the contribution of his thoughts seen on the concept of monetary, monopoly, and fair competition, control of division and inflation, money, zakat, Islamic banking, conversion to Islamic banks. In the same regard, research conducted by Fatkhul Wahab⁹, explains that Islamic economics as offered by Adiwarmarman uses a historical and fiqh approach. Then his contribution in developing the concept of Islamic economics and at the same time grounding the concept aims to find solutions to problems that develop in society.

The research being conducted now focuses on the issue of the strategic development of the Islamic economy in Indonesia. This matter is important to study because with the existence of an Islamic economy, humans can use their financial needs with Islamic law, so that they are able to distinguish between good and bad things. Furthermore, the Islamic economic development strategy needs to be carried out in order to grow and develop properly. With a strategy, economists can plan what needs to be reduced and what needs to be improved so that in the future the Islamic economy will develop. From these problems, researchers are interested in discussing Islamic economic development strategies according to Adiwarmarman Azwar Karim.

Discussion

1. Islamic Economic Thought Adiwarmarman Azwar Karim

Adiwarmarman Azwar Karim is one of the experts in the field of Islamic economics so that he is included in the list of fundamentalist Muslim thinkers, because in each of his ideas he always strives to be in accordance with Islamic law.¹⁰ The ideology of fundamentalism according to Dawan Rahardjo¹¹ does not have a single meaning. This is often equated with the terms radical Islam, salafiyah ideology, extreme Islam, and revivalist movements. Thus not all of them have the same meaning, but

⁹ Fatkhul Wahab, "Konsep dan Kontribusi Pemikiran Adiwarmarman Azwar Karim Terhadap Perekonomian Indonesia", *Iqtisobodia: Jurnal Ekonomi Syariah*, Vol. 1, No. 1, 2016, hlm. 59-78.

¹⁰ Muchamat Amarodin, "Konstruksi Sistem Ekonomi Islam Pemikiran Tokoh Ekonomi Islam Kontemporer (Abu A'la Al-Maududi, Baqir Ash-Sadr, dan Adiwarmarman A. Karim)", *4 Ekisyar: Jurnal Ekonomi Syariah dan Bisnis Islam*, Vol. 5, No. 1, 2018, hlm. 41-55.

¹¹ Pengantar Dawan Rahardjo dalam Karim, *Bank Islam: Analisis Fiqih dan Keuangan*, (Jakarta: PT. Raja Grafindo Persada, 2004).

have overlapping meanings. The same meaning is the goal to enforce Islamic law, so that it is contrary to the way of struggle. In addition, according to Amarodin¹² Adiwarmarman's pattern of thinking regarding the professional intellectual fundamentalist group is to examine the level of practice and theory.

The term fundamentalist is defined in the context of patterns of thought, ideas, and ideas in fighting for Islamic law. This group has various titles and common characteristics, namely having the ideals of upholding Islamic law in economic matters. Thus, regarding the method or method of struggle, there are two main streams, namely some choose revolutionary methods or what are called radical fundamental groups and some try to compromise with the authorities and prioritize parliamentary democracy.

Fundamentalists who fight for the establishment of an Islamic economy in Indonesia are divided into two groups, namely professional and intellectual groups. Professional fundamentalist groups lead to practice. They do not need to wait for the development of Islamic economic theory to become established because the existing theory is sufficient to build the economy. Groups like this are the pillars of Islamic economic development in the form of the establishment of BMI and other Islamic banks. While the intellectual fundamentalist group actually leads to theory. They try to provide strong theories as a basis for the implementation of Islamic economics properly and correctly and recognized by the community.¹³

When the author reads his writings, at least there are several approaches used to build Islamic economics. The approach is a historical approach. This approach is very thick in his various writings. In each of his writings (especially books), he always tries to explain contemporary economic phenomena by referring to classical Islamic history, especially during the time of the Prophet. In addition, he also combines the thoughts of great classical Muslim scholars and tries to apply them in the current context, namely in an economic perspective. In addition to the historical approach, he also uses a fiqh approach.

Seen from the perspective of fiqh, he does not only talk about the 'ubudiyah aspect, but also talks about the wider social aspect of society, namely in the fiqhul waq'i'iy forum. In such a structure, fiqh responds more to contemporary problems as

¹² Muchamat Amarodin, "Konstruksi Sistem Ekonomi Islam...", hlm. 41-55.

¹³ Nur Chamid, *Jejak Langkah Sejarah Pemikiran...*, hlm. 394-396.

a way to find the right answers and solutions for a particular society in a certain environment. Therefore, he is guided by the rules of fiqh "li kulli maqam, maqal. Wa likulli maqal, maqam". That is, every condition requires the right expression. And every expression, takes the right time anyway.

The fiqh approach he uses cannot stand alone. In order to be able to answer economic events, the principles formulated by past scholars were drawn from an economic perspective. Simply put, he uses the terms and principles of fiqh in discussing economic issues. For example, he described economic issues that are prohibited in Islam in terms of supply and demand based on the principle of al-bai' an-najsy.

Even so, he avoided Islamizing the economy by taking Western economic thought and then looking for verses from the Qur'an and hadiths. According to him, this matter cannot be justified, because it imposes the Qur'an and hadith that are compatible with human economic thought. Islamic economics is not a conventional economy that must be based on the Koran and hadith. For this reason, he carried out a method of free interpretation of the writings of the Qur'an, as-Sunnah, and fiqh from an economic point of view.¹⁴

2. Islamic Economic Development Strategy

The Islamic economic development strategy is divided into three levels as shown in the table below:¹⁵

Table 1. Islamic Economic Development Strategy

	Islamic Economic Theory	Islamic economic system	Islamic Economy
Components of Language	Aqidah Fair Nubuwwa Caliphate Ma'ad	<ul style="list-style-type: none"> ▪ Individual ownership, common ownership, state ownership 	The pattern of behavior of Muslim, Muslim economic actors

¹⁴ *Ibid.*

¹⁵ Adiwarman A. Karim, "Pengembangan Ekonomi Islam dan...", hlm. 79-89.

		<ul style="list-style-type: none"> ▪ Freedom of transactions within the framework of sharia ▪ Social welfare (fulfillment of basic needs for the poor, and the creation of harmonious relations between the rich and the poor) 	
Discourse	Knowledge	<ul style="list-style-type: none"> ▪ Regulatory rule: what can and cannot be done ▪ Constitution rule: definition 	Performance of Muslim economic units
Main actors	Scientist	DPR and government	Muslims
Arguments	Al-Qur'an and Hadis	Fiqh rules " <i>Al ashlu fil asyiaa' al ibabah ma lam yamna'ba syara'un</i> "	" <i>Antum a'lamu bi 'umuri dunyakum</i> "

In terms of components, the discussion of Islamic economic theory includes *aqidah*, *fair*, *nubuwwa*, *caliphate*, and *ma'ad*.¹⁶ These five components promoted by him certainly did not appear out of nowhere. But through the process of thinking, observing, and experienced so that it produces these components. When viewed from the existing values, he looks guided by the text or texts. The principle of monotheism emerges from clear texts, namely the Qur'an and hadith. Furthermore, the components of *nubuwwa* and *caliphate* also arise due to a study of the text, namely the Qur'an and hadith. If it is seen from the epistemological approach, in generating this value it is in accordance with the Bayani model. Bayani's epistemological approach is aware of the reading of the text so that in the process of generating knowledge, reading the text correctly becomes very important because it relates to whether or not that knowledge is the legal basis.¹⁷

¹⁶ Adiwarman A. Karim, *Ekonomi Mikro Islami*, (Jakarta: PT. Raja Grafindo Persada, 2007), hlm. 34.

¹⁷ A Khudori Soleh, "Model-Model Epistemologi Islam", *Psikoislamika: Jurnal Psikologi dan Psikologi Islam*, Vol. 2, No. 2, 2005, hlm. 194-201.

Enforcement at one level alone will not result in the establishment of Islamic sharia in the economic field. Strong Islamic economic theory without being applied as a system, only makes Islamic economics as a study of science without having an impact on economic life. These theories must be translated into the form of regulations, both in the form of regulatory rules and constitution rules. Regulatory rules are related to regulations that regulate what is allowed and not allowed. However, this alone is not enough, because the current definition of economic institutions and definitions of economic transactions do not necessarily conform to the Islamic framework. Therefore, the harder struggle is to change the definition, in the sense of changing the paradigm of thinking. This understanding is referred to as the constitution rule. Many economic institutions and economic transactions can be adapted to the Islamic framework so that Islamic muamalah contracts do not appear to be forced according to existing definitions.

The development of an Islamic economic system can be done in two ways. First, the direct method is by providing input to the government and the DPR through draft laws, government regulations, or policies. Second, the indirect method is to form a strong market force that will realize and implement sharia values.

Another way of developing Islamic economics is as follows: the first way can be achieved by using the same language used by regulators, not with fiqh terms that often cause negative thoughts. Don't the rules of fiqh say "li kulli maqam maqal" (use language that is appropriate to the level of people. Reasons for economic policy should use language and economic analysis tools which are certainly based on and colored by sharia, not by quoting verses and hadiths to break the reasoning of discussion partners. Let the brain fight the brain, because the brain is guided by the heart that is illuminated by the Qur'an and hadith. It is not uncommon for a conventional economist to reject the concept of Islamic economics without realizing that he is using the same concept, only with a different name. In the concept of "tsaman al- mitsil" which was rejected by a conventional economist on the grounds of "don't mix religion with economics", then he said "any religion cannot be separated from the law of the market, namely the equilibrium price", so it is clear that different languages can lead to useless conflicts.

The second way can be achieved by continuously developing market forces who have experience dealing with Islamic economics. The real power in people is the

power of consumers. If the approach to halal certification in food and beverages is to reject products that have been in demand by the public, and promote new products that have halal certificates, let alone promoted by small new companies, the impact will not be as great as it is today. So the approach is not rejecting completely, but modifying products that are clearly in demand by the market, and ensuring the halalness of these products. Didn't the Messenger of Allah ever say "do not accept it entirely, nor do you reject it entirely". This process in fiqh is known as the process of modification to conform to sharia.

Furthermore, the second market power that has not yet materialized is the power as a producer. Seeing the current economic strength of the Ummah, the producers made several stages. The first stage, the short term, is to convince producers that their business will not suffer a loss if they apply sharia values. The second stage, the medium term, is to cultivate a business spirit in the people. Financially, the role of MLM is still very small, but the most important thing is to be able to establish the company as the soul of the business. The third stage, the long term, is to grow the people's business. Do not enter the production sector unless you have mastered the marketing aspect. Being good at producing without mastering marketing will weaken the position of the people's market power, so that the largest profit margin is enjoyed by intermediary traders. So the next step after the business spirit grows is to dominate the market.

When the market has been controlled, then the next step is to master the production aspect. Not with the intention of producing all the goods sold, but simply mastering the ins and outs of production with a production rate of around 20% of the total goods sold. This matter is intended to guard two things. First, reducing dependence on supplier manufacturers so that when the supply of goods is empty, the production capacity can be increased to replace it, the position of the market power of the Ummah is stronger. Second, maintaining relationships with manufacturers and suppliers so that at some point in time they need additional supplies, credibility is still maintained so that it is permissible to take goods with deferred payments.

Superior theory and a sharia-compliant economic system do not guarantee that the Muslim economy will progress. The Islamic economic system only ensures that there are no economic transactions that are contrary to sharia, but can be seen

from the economic actors. It could be that the perpetrators are from other religions, not Islam. Therefore, the Muslim economy can only advance when the behavior patterns of Muslim Muslims professionally develop the business they run. It is not that Imam al-Ghazali said that the motivation of traders is to seek profit both in this world and in the hereafter.¹⁸

Conclusion

The development of Islamic economics in Indonesia is also inseparable from the services of Islamic economic thinkers. They contributed not a little, both in terms of thought and dedication in the development and development of the Islamic economy. One of the thinkers who contributed to Islamic economics was Adiwarman Azwar Karim, so he was included in the list of fundamentalist Muslim thinkers. At least there are several approaches used to build Islamic economics, namely historical approaches, fiqh approaches and economics.

The Islamic economic development strategy that he designed has three levels, namely Islamic economic theory, Islamic economic system, and Muslim economy. The three levels refer to the components of language, discourse, main actors, and arguments related to the development of Islamic economics. When one of these levels is not achieved, it will not result in the establishment of Islam in the economic field. A strong Islamic economic theory without the implementation of the system will not have an impact on economic life.

¹⁸ Adiwarman A. Karim, "Pengembangan Ekonomi Islam dan...", hlm. 79-89.

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