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WASATHIYAH ECONOMICS: RECONSTRUCTING A JUST ECONOMIC SYSTEM IN ISLAM

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ABSTRACT

This article examines the wasathiyah economic system that emphasizes aspects of benefit, justice and adheres to divine. This effort to reconstruct the discourse of wasathiyah economics aims to perfect the study of benefit-based economics in the portrait of moderation. The method used in writing this article is a descriptive analysis qualitative approach. Primary sources are taken from international and national accredited journals, books, and website articles that are credible and accountable. As a result, wasathiyah economy has at least four unique values including: divinely based, integrating science and morals, humanitarian insight, and moderate-based. While the basic principles that are firmly held in wasathiyah economics are the principle of divinity, bringing benefit, voluntariness, justice, and al-hurriyah (freedom) and al-mas'uliyah (responsibility). Another result of the analysis is that the advantages of wasathiyah economics are not the same as the capitalist and socialist economic systems, because these two economic principles do not involve the divine side in running the economy. In the end, this study can be useful theoretically for academics in exploring wasathiyah-based Islamic economic material. While practically it can be a guide for traders, entrepreneurs, economic drivers, government agencies and all people involved in the world of economics to stick to the principles of muamalah in accordance with religious guidance.

Keywords: *Islamic Economy, Washatiyah Economy, Maslahah Economy, Just Economy*

INTRODUCTION

As a religion that is *rahmatan lil 'alamin*, Islam has a binding rope that becomes a universal law. Islamic law (sharia) is more than just a religion that regulates matters of faith and matters of worship. In other words, sharia is a universal and comprehensive teaching. Comprehensive refers to the fact that sharia includes teachings from every aspect of life, including those relating to *habl min Allah, habl min al-nas*, and even *habl min al-alam*. The application of sharia, which can be

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used in social and economic matters as well as anywhere and anytime, demonstrates the universality of the law.[1]

Sharia is also known as the core of Islamic teachings or religion that has the power to regulate important aspects including issues of worship, morality, interpersonal relationships, and fulfillment of needs. Islamic teachings, as a religion of *rahmatan lil 'alamin*, emphasize that the ideals of *rububiyyah*, *akhlakiyyah*, and *ukhrawiyyah* cannot be separated from the economy of the people.[2] In other words, economics and religion are closely related and are even part of the religious system. But to date, there is still debate about how religion (Islamic Sharia) and economics interact. Secularists believe that religion has no effect on the economy; while radicals claim that religion (Islam), slows down economic growth.

This is in contrast to the statements of Muslim economists, who claim that religion and economics are inseparable. Islamic sharia serves as a guide for economic activities to be in line with the teachings and goals of Islam (*maqasid al-syari'ah*). Those who follow a secular mindset, developed by capitalists and socialists, will pursue as much wealth as possible because it is purely centered on materialistic goals. If the socialists are too free to give the function of economic control to the government, then capitalism gives freedom to the private sector or capital owners to pursue maximum profits. According to both ideologies, economic issues are part of a materialistic worldly reality, and both build economic systems that are far removed from religious principles. As a result, the values of *ukhrawiyah*, *ahlakiyyah*, and *rububiyyah* have no effect on the economy.[3]

Normatively, Islam is the last religion that has characteristics compared to other religions in various parts of the world. Among the main and prominent traits that define Islam are *tawassuth*, *tasamuh* and *tawazun.* These three names are almost synonymous, and can ultimately be translated into one language, *wasathiyyah*.[4] In a religious perspective, the term is known as *Wasathiyyah* Islam, or Moderate Islam, which aims to find the middle point between two opposing or different points of view. For example, in verse 77 of Surah al-Qashash. Meaning: "And seek (the reward of) the Hereafter with what Allah has bestowed upon you, but do not forget your share in this world and do unto others as Allah has done unto you, and do not cause corruption in the earth. Indeed, Allah does not like those who cause corruption".[5]

The above verse exemplifies the moderate view of a Muslim, which not only includes ukhrowi affairs, but also pays attention to worldly affairs (including economics). For a Muslim living in this world, paying attention to both worldly and afterlife affairs is a moderate approach.

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[1] Moch. Farich Alfani, "The Meaning of Rahmatan Lil Alamin in the Contemporary Tafseer of Muhammad Quraish Shihab." *International Journal of Social Science and Religion (IJSSR),* 4(1) (2023), 2723.

[2] H. Herijanto, "The Rahmatan Lil Alamin in Islamic Law and Economics." *International Journal of Business Marketing and Management (IJBMM),* 2(1) (2017), 22.

[3] Hisam Ahyani, Memet Slamet, and Tobroni, "Building the Values of Rahmatan Lil 'Alamin for Indonesian Economic Development at 4.0 Era from the Perspective of Philosophy and Islamic Economic Law." *Al-Ihkam: Jurnal Hukum dan Pranata Sosial,* 16(1) (2021), 112.

[4] Suwarjin, "Achieving Religious Harmony through Fiqh Wasatiyah." *Manchester Journal of Transnational Islamic Law & Practice,* 19(2) (2023), 145.

[5] Alquran Surah al-Qashash verse 77

Humans are born in this world to fulfill two main tasks: to worship or serve Allah SWT and to achieve prosperity and well-being.[6]

The issue of *wasathiyah* economics has previously been studied by several researchers. First, Muhammad Djakfar wrote about "Revitalization and Actualization of Religious Values to Realize Civiled *Wasathiyah* Economy". This article portrays the importance of actualizing religious values in moderate economic activities based on *uluhiyuah*, *rububiyyah* and *tawhid*.[7] Then Khoirul Rosyadi writes about "*Ekonomi Wasathiyah: Ikhtiar Awal Mencari Sistem Ekonomi yang Berkeadilan*". The essence of this research is how the principle of *wasathiyah* Islam becomes a balancing system anchored in the principle of justice.[8]

Furthermore, M. Zikwan researched about "*Wasathiyyah Al-Iqtishadiyah: Integrasi Nilai Moderasi pada Ekonomi Islam*". Zikwan considers that Islam and economic activity cannot be separated from each other, even far different from the views of capitalists and socialists who separate religion and economics. This research captures the intersection of moderation values in Sharia economic activities.[9] Then Doli Witro wrote about the value and *harakah wasathiyah* in Sharia economics. He focused on studying using an academic philosophical approach to bank interest.[10] Finally, there is M. Tolib Alawi who examines about "*Perwujudan Takamul Wasathiyah dan Harakan dalam Ekonomi Islam*". He focused on capturing something similar to previous studies.[11]

In terms of economics, Indonesia is a unique country because it is a culturally, linguistically, ethnically, and religiously diverse country. This diversity is an important concern in the economic field because, although Indonesia is not an Islamic state, it supports sharia-based economic practices or Islamic economics. Economic practices based on the principle of *al-falah* (happiness in this world and the hereafter), known as *khaira ummah*, will result from the integration of religious moderation values into the Indonesian economy. Therefore, the topic of equitable economic moderation will be interesting to explore in the context of the economy in the country of Indonesia.

RESEARCH METHODS

The writing of this article uses a qualitative approach that is library research. In addition, this article also uses a conceptual approach in reviewing *wasathiyah* economics. Primary sources of

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[6] Shihāb al-Dīn Mahmūd al- Alūsī, *Rūh al-Ma'ānī fi Tafsīr al-Qur'ān al-'Adhīm wa al-Sab'i al-Matsāni. Volume 13 (Beirut: Al-Resalah Publishing House, 2010),* 210-211.

[7] Muhammad Djakfar, "Revitalization and Actualization of Religious Values to Realize Civilized Wasathiyah Economy." *1st International Conference on Islamic Economics and Business (ICONIES),* 101 (2018), 149-153.

[8] Khoirul Rosyadi, "Ekonomi Wasathiyah: Ikhtiar Awal Mencari Sistem Ekonomi yang Berkeadilan." In books *Islam Wasathiyah dalam Perdebatan Ulama dan Cendekiawan Muslim,* (Jakarta: Penerbit Pena Salsabila, 2023), 61.

[9] M. Zikwan, "Wasathiyah Al-Iqtishadiyah: Integrasi Nilai Moderasi pada Ekonomi Islam." *4th Annual Conference for Muslim Scholars,* (2022), 1058-1068

[10] Doli Witro, "Nilai Wasathiyah dan Harakah dalam Hukum Ekonomi Syariah: Sebuah Pendekatan Filosofis Sikap dan Persepsi Bankir terhadap Bunga Bank." *Al-Huquq: Journal of Indonesian Islamic Economic Law,* 3(1) (2021), 14-33.

[11] M. Tolib Alawi, "Perwujudan Takamul, Wasathiyah dan Harakah dalam Ekonomi Islam." *Islamica: Jurnal Imu-Ilmu Agama Islam,* 3(2) (2016), 64-71.

reference in the article are books and scientific journals with national and international accreditation. While secondary references (support) are taken from several selected websites that can be accounted for. The previous study of *wasathiyah* economics conceptually has not been much studied, so the presence of this article completes the empty space as an academic contribution, especially in the *maslahah*-based economic movement and justice (*al-'adl*). The data in this article is presented with narrative-descriptive-analytical. The analysis techniques used are data reduction, data presentation, analysis and conclusion drawing. *Wasathiyah* economy is actually a middle way in realizing an economic system that is fair and in accordance with Islamic teachings.[12]

RESULT AND DISCUSSION

a. Identity of *Wasathiyah* Islam

As a concept of Islamic thought, *wasathiyyah* (Islamic moderation) is currently an interesting topic for discussion. Basically, wasathiyyah is not a new understanding or teaching that influenced the life of the 14th century *hijriyah* or the 19th and 20th centuries AD, but this teaching (*wasathiyah*) has existed since 14 centuries ago along with the revelation. After reflecting on the emergence of two schools of thought in the name of Islam, *Muktazilah al-Jadid* (new Muktazilah) and *al-Khawarij al-Jadid* (new Khawarij), this Islamic moderation has become a dream for Muslims with its more tolerant character.[13]

The new Khawarij (*Khawarij al-Jadid*) offers the idea that Islam is a text-based and unchanging (constant) religion. They opposed everything outside the scriptures, which negatively portrayed Islam as a dogmatic, intolerant and inhumane religion.[14] Meanwhile, in fact, the Muktazilah with its racialist identity overreached in understanding the teachings of Islam. In their rational exploration, they consider Islam as a religion that is fair to the times and all cultures.[15] The characteristics of the first school are too rigid, while the second school is identical to being too free in interpreting Islam, giving rise to the debate that the nash is no longer relevant when faced with the context of this growing era.[16] Therefore, there is a need for a new perspective, attitude and action to take a balanced, fair and non-*tafrith* position in understanding Islam. The middle attitude here is ultimately known as wasathiyah.

Wasathiyyah, always translated as "moderation", is literally a *mashdar shina'iy*, a noun derived from a verb that results from adding a *ya' tasydid* and *ta' marbuthah* behind it. In

[12] Matthew B. Miles and A. Michael Huberman, *Qualitative Data Analysis (a Source Book of New Methods)* (Beverly Hills: Sage Publications, 1984), 21–24.

[13] Yazida Ichsan, Sahiron Syamsudin and Zalik Nuryana, "Realizing Islamic Education Based on Religious Moderation with the Wasathiyah Islamic Paradigm from the Perspectif of the Qur'an." *Jurnal Pendidikan Agama Islam,* 21(1) (2024), 248.

[14] Robi Permana, "The Khawarij and Their Rejection of the Sunnah." *Journal of Hadith Studies,* 2(2) (2019), 116-120.

[15] Syed Masood Jamali and Khalid Waheed, "Mu'tazilah, the First Rasionalist School of Thought ini Islamic History: Critical Study of its Ideology and Approach." *Handard Islamic,* 43(4) (2020), 71.

[16] Ramli Nur, "Radicalization of Faith Concept in The School of Islam: Study of Khawarij and Muktazilah." *Journal Asian Social Science,* 14 (2018), 78.

terminology, moderation (*wasathiyyah*) is a way of thinking, acting and behaving that has the qualities of *tawassuth, tawazun, tasamuh* and *ta'adul*.[17] Al-Syathiby stated that *wasath* is a characteristic of Sharia, especially the middle condition between t*akhfif* (making things easy) and *tashdid* (making things difficult).[18]

Linguistically, "*wasathiyah*" comes from the root "*wasatha*". However, etymologically, *wasathiyah* means "something that is in the middle between two sides" (*washatu al-syai in mā baina tharfaihi*). Terminologically, "*wasathan*" refers to the middle way as balance (*al-tawazun*), specifically the balance between two paths or directions that face each other or clash: material (*madiyah*) with spiritual (*ruhiyah*). *Fardiyyah* (individuality) with *jama'iyyah* (collectivity). *Wasathiyah*, on the other hand, maintains balance in creation and unity of all circles of human consciousness while also establishing tawhid as the core concept of Islam. *Wasathiyah* Islam, on the other hand, maintains balance in the creation and unity of all circles of human consciousness while also establishing tawhid as the core concept of Islam.[19]

Meanwhile, according to Hasyim Muzadi, *wasathiyah* is a balance between belief and tolerance. It is *al-wasathiyatu hiya al-tawāzunu baina al-'aqīdati wa al-tasāmuhi*, which means; "*Wasathiyah* is a balance between (firm) belief and tolerance". Thus, wasathiyah is actually the concept of something strong that lies between tolerance and faith.[20] In addition, according to Quraish Shihab, the meaning of *wasathiyah* is everything that cannot be interpreted textually as the middle. *Wasathiyah* is more than that, namely the determination to be fair. This shows that *wasathiyah* is more than just a term, but a basic principle behind a system in a country or society.[21]

Thus, from some of the meanings above, *wasathiyah* can be interpreted as a balance between tolerance and firm beliefs, where Islamic ideals are based on a straight and moderate attitude and are not too extreme (excessive) in some matters. The balance can be seen with the ability to synergize and integrate the dimensions of spirituality with material, individuality with collectivity, textual with contextual, consistency with change and put charity in the principles of balance between theocentris, anthropocentris, and theocentris.[22]

An accurate argument for moderation is contained in Surat al-Baqarah verse 143.

> Meaning: "And likewise We have made you (Muslims) "the middle people" so that you may bear witness to (the deeds of) mankind and so that the Messenger (Muhammad) may bear witness to (the deeds of) you. We have not made the

[17] Muhamadul Bakir and Khatijah Othman, "Wasatiyyah (Islamic Moderation): A Conceptual Analysis from Islamic Knowledge Management Perspective." *Journal of Islamic Thought and Civilization,* 7(1) (2017), 13-30.

[18] Abu Ishaq Al-Syathiby, *al-Muwafaqat fi Ushul al-Syari'ah,* (Beirut: Dar al-Kutub al-Ilmiyah).

[19] Abdulloh Sajjad Ahmad and Ismul Latifah, "Religious Moderation in Islamic Religious Practices Through Wasathiyah Concept." *Sunan Kalijaga International Journal on Islamic Educational Research,* 5(2) (2021), 73-80.

[20] Tri Mardiansyah and Muhammad Endy Fadlullah, "The Concept Analysis of Religious Moderation By KH. Hasyim Muzadi and Its Relevance to The Religious Moderation of The Ministry of Religious Affairs." *International Journal of Educational Reseurce,* 4(1) (2023), 93.

[21] M. Quraish Shihab, *Wasathiyyah: Wawasan Islam tentang Moderasi Beragama*, (Tangerang Selatan: Penerbit Lentera Hati, 2020), 3.

[22] Mohammad Hasyim Kamali, *The Middle Path of Moderation in Islam: The Qur'anic Principle of Wasatiyyah,* (Oxford: Oxford University Press, 2015).

> Qiblah to which you (used to) turn but that We may know who follows the Messenger and who turns back. Indeed, (shifting the Qiblah) is very hard, except for those whom Allah guides. And Allah will not waste your faith. Indeed, Allah is the Most Compassionate, the Most Merciful to mankind."

Rasulullah SAW, interpreted the word wasatha with the word *al-adl*, this is based on the words of Rasalullah SAW:

> Meaning: Abu Sa'id said: The Messenger of Allah (peace and blessings be upon him) said: "(On the Day of Judgment) Noah 'alaihissalam was summoned by Allah, then Allah Ta'ala said: "Have you delivered (the teachings)?". Noah *'Alaihissalam* replied: "I have, O my Lord". Then Allah asked his people: "Is it true that he has conveyed to you?". They replied: "No. No prophet has come to us". Then Allah said to Noah (peace be upon him): "Who is the witness against you?". Noah (peace be upon him) said: "Muhammad (peace be upon him) and his Ummah". So we testified that Noah (peace be upon him) had delivered the message to his people. This is as Allah Most High says (QS al-Baqarah verse 143 which means), ("And thus we have made you a middle *ummah* to bear witness over mankind"). *al washath means al-'adl* (fair).

After looking at the meaning and concept of wasathiyah, this concept can create an economic value system. Social justice for all levels of society can be upheld by this wasathiyah economic system. Islamic wasathiyah is a key idea in creating a prosperous and just society. The concept of wasathiyah refers to the balance between personal interests and community interests. QS: al-Furqan: 67 indicates wasathiyah in the context of sharia, specifically economics, which means that one should not be too extravagant or frugal.

> It means; "and those when they spend, they are neither extravagant nor stingy, and between them is moderation."

Islamic economics is an economic system based on the teachings of Islam, as based on the Qur'an and hadith, which places a strong emphasis on the values of social responsibility, justice, simplicity, and unity. Islamic economics places great emphasis on the fair distribution of wealth and active participation in the economy, and rejects usury (interest) and speculation.

Principles of Islamic Economics

Many economic systems have been used historically in different parts of the world, initially driven by the desire to fulfill human needs for their well-being. However, in general, the economic systems that exist in this world can be divided into two categories: secular economic systems that separate the relationship between economics and religious values, and the second is economic systems based on spiritual values.[23]

The first is the secular economic system, which is adopted by capitalism and socialism, both of which are the largest economic systems in the world. Simply put, capitalism is the concept that owners of capital can freely engage in business with the aim of making as much money as possible.

[23] Waleed AJ. Addas, *Methodology of Economics: Secular versus Islamic* (Kuala Lumpur: International Islamic University Malaysia Press, 2008), 17.

In terminology, capitalism is the belief that the owner of capital is the king who has the power to do anything to generate huge profits. Therefore, the capitalist economic system is characterized as an economic system that gives capital owners the freedom to freely produce, sell, buy, and distribute goods and services without government intervention in terms of regulating economic activities. On the other hand, a socialist economic system is an economic system in which the government intervenes by planning and supervising every economic activity.[24] The existence of government intervention has consequences for individual power as capital ownership of existing economic assets. The socialist economic system was founded on the idea of preventing unfair bankers from controlling the means of production. To protect the people, the government must regulate the means of production.[25]

The second is an economic system that is closely related to spiritual principles; the spiritual dimension can be found in all human activities, including the economy of the people, and is not limited to ritual worship alone. This system is most commonly referred to as sharia or Islamic economics. There are different views among scholars as to what is meant by Islamic economics. But at its core, Islamic economics is a discipline that uses Islamic principles in studying economic production, consumption and distribution.[26] The definition of the word "economy" in the Al-Munawwir dictionary is also defined as the economy. Islamic economics according to Muhammad Baqir As-Sadr, is an approach or way chosen by Islam to achieve its economic goals and to solve practical world economic problems in accordance with the concept of justice. While Muhammad Abdul Mannan argues that Islamic economics is a social science that investigates economic problems for a society based on Islamic values.[27]

The presence of the Islamic economic system here is not a new economic concept in the modern world, this system has been implemented and exemplified by Rasulullah Saw. Therefore, Islam is actually very concerned and in detail regulates the economic problems of the people who are progressive and just. In character, Islamic economics has at least four main characteristics, including divinity, morals, humanity and moderation (balanced / moderate). These four values are the main uniqueness of the Islamic economy which can be described as follows:[28]

1. Divine Economy (*Ilahiyah*)

   Because the beginning is from God, the goal is to seek the pleasure of God and the methods are not contrary to his sharia. Economic activities both production, consumption, exchange, and distribution are linked to the principle of Divinity, as Allah says in surah Al-Mulk (67) verse 15: Meaning: It is He who makes the earth easy for you, so walk in all your directions and eat some of its sustenance and only to Him are you (returned after) being resurrected.

2. Moral Economy (*Akhlāq*)

[24] Abdelrahman Yousri Abdelrahman, "Islam and the Challenge of Economic Development in the Muslim Word: Review and Evaluation of Secular Arguments." *Intelectual Discourse,* 26 (2018), 333.

[25] Ibid., 335

[26] Timur Kuran, "Islam and Economic Performance: Historical and Contemporary Links." *Journal of Economic Literature,* 54(4) (2018), 1292-1359.

[27] Nasyah Agus and Sarah Lutfiyah Nugraha, "Comparative Study of Contemporary Islamic Economic Thoughts Muhammad Abdul Mannan and Monzer Kahf." *MALIA: Jurnal Ekonomi Islam,* 14(2) (2023), 297-308.

[28] Veithzal Rivai and Andi Buchari*, Islamic Economic*, (Jakarta: Bumi Aksara, 2013), 91.

Islamic economics actually integrates morals and science, because morals are the veins or spirit of Islam. A Muslim, either individually or collectively, is not free to make profits at will. This principle refers to the bonds of sharia law and Islamic law so that it does not arbitrarily produce various kinds of goods, distribute, issue and consume them.[29]

3. Humanitarian Economics (*Insāniyah*)

   Humanity is the foundation of economic activity. Appreciating and glorifying the human side in economics is part of the Divine principle that makes it Khalifah on earth.

4. Middle Economy (*Washat*)

   The middle economy is a system built on a fair and equal balance. Islam also actually calls for balancing between the affairs of the hereafter and the world, to between society and individuals. While within the individual it can be balanced between the spiritual and physical sides, between heart and mind, to between facts and reality.[30]

In moving the wheels of the ummah economy, the economy has several basic principles that must be understood, including:

1. The principle of divinity

   The concept of divinity is an expression of submission to Allah SWT. Every actor involved in Islamic economic activities must adhere to the principle of divinity, which serves as a guideline for economic actors and ensures that economic activities are carried out in a manner that is in accordance with Islamic teachings. This principle turns into the economic concept of moderation, where a servant must fulfill his own needs as a creature of Allah SWT in addition to meeting the needs of society.[31]

2. Bringing good

   The purpose of Islamic economic activities is to improve the social standard of living of the community. This principle actually has a noble goal of improving a better economy (*falah*). *Falah* itself has two dimensions, namely worldly and *ukhrawi* elements. This indicates that Islamic economics not only prioritizes the worldly welfare of society, but also strives for *ukhrawi* progress.[32]

3. Voluntariness

   In sharia economic transactions are always based on volunteerism, every transaction undertaken is his own will not on the basis of coercion from other parties. Every action that occurs is a natural factor, meaning not pressure from others or so. However, in this principle must be considered the halal status of the object of the transaction, if the object of the transaction is something that is prohibited, then the principle of voluntariness is only in vain. As an example of economic actors who carry out usury transactions, then voluntariness in this transaction becomes useless.

4. Justice

   Justice is the main principle in Islamic teachings. In the shariah economy, the principle of justice is the most urgent thing, both in terms of meeting human needs, both primary,

[29] M. Zikwan, "Wasathiyah Al-Iqtishadiyah." (2022), 1063.
[30] Ibid., 1064.
[31] Sayyid Abul A;la Mawdudi, *First Principles of Islamic Economics,* (Kube Publishing, 2013).
[32] Masudul Alam Choudhury, "Principles of Islamic Economics"*, Middle Eastern Studies*, 19(1) (1983), 93-103.

secondary and tertiary. As an implication of this principle, among others, in the form of equitable distribution of income and wealth as well as to fulfill the growth and stability of the community's economy.[33]

5. *Al-hurriyah* and *al-Mas'uliyah*

Al-Hurriyah means freedom and *al-mas'uliyah* is defined as responsibility. We will discuss one by one, *al-hurriyah* or freedom can be seen from two perspectives, namely theological approach and *ushul fiqh* approach. Seen from the theological side, freedom means that humans can be free to make choices, both good and bad things. this is determined by the intellect possessed by humans. Meanwhile, in the perspective of *ushul fiqh*, freedom is defined as a freedom that must be accompanied by a responsibility. As for responsibility, it is not only in the world but also in the hereafter. A person may do any creativity in carrying out economic activities, but in Islamic economics there is *al-mas'uliyah* or accountability for these activities.[34]

Wasathiyah Economics: A Path to Prosperity

Islamic economic activity, like the economy as a whole, seeks to fulfill the needs of human life in this world by providing clothing, food and shelter. However, the Islamic economy is not as free as the capitalist and socialist streams in terms of economic activity. One of the characteristics of Islamic economics that distinguishes it from other economic systems is its moderate values, which include:

1. Islamic economics between the fulfillment of spiritual and social needs.

Every human being has desires that must be fulfilled in order to survive in this world, but to be able to do this, they must work or carry out other economic activities. Islam does not view work as a disgrace, in fact Islam strongly encourages its people to work to fulfill their needs.[35] Islam offers a balance between working for the needs of society and working for the needs of the hereafter because Islam is a religion that is *rahmatan lil 'alamin*, as stated in verse 77 of Surah al-Qashash.

Meaning: And seek (the reward) of the hereafter with what Allah has bestowed upon you, but do not forget your share in the world and do good (to others) as Allah has done good to you, and do not do corruption on earth. Indeed, Allah does not like those who do corruption.

As creatures who will live in the afterlife after passing through the phase in the world, humans must prepare provisions for eternal life in the future. However, as creatures currently living in this world, humans also have needs that must be met by working or engaging in economic activities. This verse illustrates how a Muslim should approach fulfilling their purpose in this life.[36]

2. Fulfillment of individual and community needs

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[33] Hossein Askari, Zamir Iqbal and Abbas Mirakhor, *Introduction to Islamic Economics: Theory and Application,* (John Wileh & Sons, 2014.

[34] Putri Wahyuni and Ahmad Wahyudi Zein, "Kritik Filsafat Ekonomi Terhadap Ajaran Eksistensialisme dalam Praktik Bisnis Kontemporer." *Jurnal Kajian Islam dan Sosial Keagamaan,* 2(2) (2024), 354.

[35] Hafas Furqani, "Consuption and Morality: Principles and Behavioral Framework in Islamic Ekonomics." *Journal of King Abdulaziz University, Islamic Economics,* 30(1) (2017), 30-50.

[36] Ibid., 31.

Welfare is the ultimate goal of human life, although for some circles in viewing this gal there are different opinions. According to conventional economic theory, welfare is equivalent to material wealth alone. Meanwhile, according to Islamic economics, the goal is to fulfill the needs of the world and the hereafter to achieve the welfare of both. However, to fulfill the needs of the world, humans sometimes face a mismatch between needs and available resources. A person will not be able to fulfill his basic needs as a result of this discrepancy. A person has the freedom to fulfill his needs in Islamic economics, but this freedom is not based on the gratification of lust alone.[37]

According to Islamic economics, a person has an obligation to look after the welfare of the community around him if he has been able to provide for himself and his family. Therefore, according to QS al-Hasyr verse 7, Islamic economics also teaches how to distribute money so that it does not just stop in the hands of the rich. However, in accordance with the teachings of Allah SWT in QS al-Furqan verse 67, one should not be too generous and also should not be too frugal in donating their wealth.

3. Freedom and responsibility

Humans are born with the ideal of freedom because their instincts have been given the capacity for reasoning and cognition, which enables them to make moral decisions and choose between *mashlahah* and *mafsadat*. According to *ushul fiqh*, humans are allowed to be creative in their economic endeavors; in this regard, Islam offers the broadest way to build or manage the economy of the *ummah*. This freedom does have limits, as long as it does not contradict hadith or Qur'anic justifications that prohibit such behavior. In *mu'amalah* (economic activity), the basic principle is that everything is acceptable unless there is evidence that refutes it. According to Islamic economics, human value and dignity are based on freedom. A person's economic freedom is not unlimited, but is subject to limitations as long as it does not violate anything prohibited by Allah and His Messenger. Everyone has the right to be free to choose the best way to fulfill his or her desires. In order to maximize one's financial potential, this freedom becomes a major asset.[38]

The definition of freedom in Islamic economics is clearly different from the capitalist definition, which equates freedom with total independence. As such, Islamic economics promotes individual freedom and encourages people to work without neglecting their own or others' well-being. In Islamic economics, freedom will always be accompanied by accountability. In essence, Islam grants everyone the freedom and autonomy to engage in economic activities that will be held accountable before God in the hereafter.[39]

The Advantages of Wasathiyah Economy

[37] Muhammad Rahman Bayuni and Rizal Alfit Jaya, "Building Integration and Interconnection in Islamic Ekonomic System to Create Islamic Solutions in Solving Social Problems." *Share: Jurnal Ekonomi dan Keuangan Islam,* 7(1) (2018), 59-80.

[38] Yusri Karmila, et. al., "Implementation of Freedom in Islamic Ekonomic." *Journal International Economic Sharia,* 1(1) (2024), 9-16.

[39] Syed Nawab Haider Naqvi, "Ethical Foundations of Islamic Economics." *Islamic Studies,* 17(2) (1978), 105-136.

According to Islamic economics, the economy should function in accordance with moral and ethical principles and ensure that operations do not negatively impact society or the environment. In short, Islamic economics criticizes actions that harm the environment and society and promotes ideas centered on social justice, social accountability, and the common good. In this case, wasathiyah economics, which is the result of the author's efforts to describe Islamic economics, is an economy that is able to build an economy that prioritizes social justice and erases social inequality. According to the theory of Muhammad Faiz Fauzinudin, the *fiqh* of civilization, which is the basis of *wasathiyah* Islam, assists business people and entrepreneurs in integrating moral and ethical principles into the economy.[40]

Wasathiyah economics places the ultimate goal of transcendental economics namely, accountability after the mundane. This is the ultimate goal of *wasathiyah* economics for the hereafter.[41] As a result, the structure of *wasathiyah* economics is truly more comprehensive and sophisticated when compared to capitalist and socialist economies. The pursuit of welfare and social justice is more transcendental and spiritual than merely material or cerebral. Comparatively, according to Veithzal Rivai and Andi Buchari[42], the following are the differences between the capitalist, socialist or communist economic systems and the Islamic economic system (*wasathiyah*):

***Wasathiyah* Economic System**	**Capitalist Economic System**	**Socialist Economic System**
1. Recognize individual property rights as long as they do not harm society 2. Each individual can develop their potential. 3. There is social security from the state 4. Prevents concentration of wealth in a small group 5. Prohibiting hoarding of goods 6. Prohibit asocial practices.	1. Freedom to own property individually 2. Free and full competition 3. Self-centeredness 4. Price as the determinant 5. Minimal state intervention	1. Ownership of property is controlled by the state. 2. Individual freedom is limited 3. State discipline is strict (authoritarian) 4. Every citizen has their basic needs met 5. development projects are carried out by the state
Pros (Objectives): 1. Building a fair and equitable life 2. Promote a harmonious	**Pros:** 1. Significant boost to the economy 2. Free competition based	**Pros:** 1. In favor of the fate of the workers 2. Minimal unemployment

[40] Muhammad Fuzinudin Faiz, "Mendialogkan Fiqih Peradaban dengan Rumpun Ekonomi", diakses pada 19 Maret 2025 di https://digilib.uinkhas.ac.id/22040/1/mendialogkan-fiqih-peradaban-dengan-rumpun-ilmu-ekonomi-t1WXF

[41] Haithem Kader, "Human Well-Being, Morality and the Economy: An Islamic Perspective." *Islamic Economic Studies,* 28(2) (2021), 102-123.

[42] Rivai and Buchari, *Islamic Economic,* (2019.

economic life 3. Building an economic civilization that does not destroy nature 4. Building a life of equitable prosperity for all human beings 5. Building a stable economic life 6. Building an independent economic life and fostering a spirit of togetherness 7. Realizing an independent economic life without depending on the group.	on price 3. Encourages economic motivation	3. Equal prosperity
	Disadvantages: 1. Accumulation of wealth, unequal distribution of wealth 2. Individualism 3. Distortion of moral values 4. Mid-class	**Disadvantages:** 1. No Individual freedom 2. Demotivation

CONCLUSION

The idea of "*Wasathiyah* Economics" is an attempt to develop an economic system that prioritizes social justice, moderation, and transcendental justice, although it still has to be proven and become a social movement. Current economic structures such as capitalism and socialism often result in poverty and economic inequality. Although they aim to promote the welfare of society, in reality inequality still often occurs, hence the need for a new economic system - *wasathiyah* economics. The balance between various aspects of life, such as spirituality and materialism, individualism and collectivity, and so on, is emphasized by *wasathiyah* economics. Tolerance, firmness, and the ability to set the right priorities are also included in this idea. As such, "*Wasathiyah* Economics" promotes laws that prioritize social justice, social responsibility, and the common good, and takes into account moral and ethical principles. In business and economics, it is an alternative that prioritizes cooperation, synergy, and environmental feasibility. In addition, *Wasathiyah* Economics seeks to establish a balance among different aspects of the economy as well as between individualism and collectivity. As *Wasathiyah* Economics considers environmental issues and works to protect the environment, it also highlights the importance of an environmentally sound economy.

Finally, *Wasathiyah* Economics can serve as the foundation of a more just and durable economic structure. It is an attempt to achieve a balance between the needs of the individual and society, material and moral, and economic and environmental. *Wasathiyah* ideas can play an

important role in efforts to create a successful and just society. In the future, the level of poverty in a society will be greatly influenced by the structure of the *wasathiyah* economy. When it comes to solving poverty, each type of economic system has its own advantages and disadvantages. Effective solutions to reduce poverty include a combination of strategies, including education, social protection, and policies that support inclusive economic growth. With the right approach, we can reduce poverty and create a more just and prosperous society.

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