



Islamic Man: Deep Insight Monzer Kahf

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Abstract

Keywords:

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This paper discusses how contemporary economist Monzer Kahf thinks about Islamic economics. Researchers dissect Kahf's thinking using content analysis. The trick is to read Kahf's works and other works that contain Kahf's thoughts, then tabulate and group the parts that are considered essential. This study finds that Kahf's views on the economic system are based on Islamic guidelines. The basic assumption of the theory built by Kahf is a critique of the economic man that applies to conventional economics. Kahf provides a form of thought as a substitute for this concept known as the Islamic man concept. On that basis, Kahf developed the theory of consumption and production, the teachings of the commandment of zakat, the prohibition of usury, and the idea of *al-qirad* as an alternative to the interest system. Kahf views that workers who run an Islamic economic system, even though they come from non-Muslims, are sufficient to be called Islamic men. This study recommends the importance of examining Kahf's understanding of the Islamic man at the Islamic banking level.

Abstrak

Kata kunci:

*Monzer Kahf;
Islamic man;
Economic man;
Ekonomi Islam*

Tulisan ini bertujuan untuk mendiskusikan bagaimana bentuk pemikiran tokoh ekonomi kontemporer Monzer Kahf terhadap ekonomi Islam. Peneliti membedah pemikiran Kahf menggunakan analisis konten. Caranya adalah membaca karya Kahf dan karya lain yang memuat pemikiran Kahf, kemudian mentabulasi, dan mengelompokkan bagian-bagian yang dinilai penting. Studi ini menemukan bahwa pandangan-pandangan Kahf terhadap sistem ekonomi dilandaskan pada petunjuk Islam. Asumsi dasar dari teori yang dibangun Kahf merupakan kritik atas economic man yang berlaku pada ekonomi konvensional. Kahf memberikan sebuah bentuk pemikiran sebagai pengganti konsep ini yang dikenal dengan konsep Islamic man. Atas dasar itu Kahf membangun



teori konsumsi dan produksi, ajaran perintah zakat, larangan riba serta gagasan *al-qirad* sebagai alternatif terhadap sistem bunga. Kahf memandang bahwa pekerja yang menjalankan sistem ekonomi Islam, walaupun berasal dari non-muslim, itu sudah cukup untuk dikatakan Islamic man. Studi ini merekomendasikan pentingnya menguji pemahaman Kahf tentang Islamic man di tingkat perbankan Islam.

INTRODUCTION

The concept of economic man for Islamic economic thinkers is considered to have many shortcomings. One of them makes economic actors eliminate social responsibility in considering their choices (Hadavi, 2019; Furqani, 2017; Mahyudi, 2015; Choudhury, 2004). Thus, there is a trap from conventional secularist economics, which is to encourage people to fulfill their interests through maximizing wealth and consumption as the primary tools for filtering, motivating, and restructuring (Athoillah and Anees, 2013: 196). In line with Islamic teachings about empowering the mind by sticking to religious values, economic concepts and theories in Islam are essentially the response of Muslim scholars to various economic challenges at certain times. This implies that Islamic economic thought is under the teachings of Islam itself.

Rahardjo (1985) explained that Islamic Economics if judged its meaning based on the relationship of modern economics with Islamic teachings, can be defined as economics in the light of Islamic principles by bringing modern economics in harmony with sharia (Islamic law). This definition presupposes that the definition of economic science is accepted as a universal understanding but is not so in reality. According to Islam, economic activity is not an activity controlled by human desire and experience alone but must also be guided by the basic guidelines of Sharia (Furqani et al. 2020; Aydin, 2020; Ahmed, 2011). Islamic economics is not free from moral values as a branch of the social sciences. In other words, the normative aspect is more prominent than the positive aspect; even the normative element is instrumental in analyzing natural economic phenomena and is used for the direction of action under Islamic goals.

Monzer Kahf is a prominent modern Islamic economist. Kahf's thesis rejects and even criticizes the concept of economic man in conventional economics by proposing a comparative concept known as the Islamic man. The idea of Islamic Man is considered to improve various economic man weaknesses that are developing now. In addition, rationality in Islamic economics always pays attention to masalah for oneself, family, and society. In his book "The Islamic Economy," Kahf defines Islam econometrically (Kafh, 1984; Chapra, 1984). he sees that the Islamic economics literature has been judged as a descriptive description of the Islamic economic system.



Kahf tries to describe how an economy can work, based on the main variables determined by Islamic teachings, so that the financial system in achieving its main goals is balanced, especially in avoiding accesses that can occur in a capitalist economic system (Rahardjo, 1985).

There are several discourses on Kahf's thoughts that are discussed in this paper: 1) how Kahf thinks about the Islamic man, 2) Islamic rationalism, 3) the state, 4) concepts and methodologies of Islamic economics, 4) consumption theory, and 5) macro-monetary. It is hoped that, through theoretical discussion, the analysis in this concise paper can support the above arguments.

METHOD

The method of thinking starts from finding keywords that are considered closest to the topic of Islamic man and Economic Man. Researchers must look for reading sources that are deemed relevant, from quality journals, daily news to books. Read and arrange reading results into tables using excel.

Researchers read books or documents with scanning techniques. When finding passages that are considered relevant to the topic of discussion, interactive reading techniques are used. Interactive reading provides an opportunity for us to raise the essence of the reading, then relate it to the knowledge we already have. The reading summary is then copied into a table that has previously been divided into several columns (as needed, containing the column title, author of the book, digest of reading, reading page, keywords, categorization, thematic).

Then, reduce the reading or digest data. The point is that when entering the tabulation work, the researcher re-reads the essence of the reading carefully to understand the contents of the text as a whole, see the similarities or differences in ideas between experts, and make it easier for us to carry out the theme stage. Then do the keyword search stage for each digest of reading. These keywords are then categorized based on similarities with keywords with other lessons. The last is to make big themes from the results of the categorization. These themes will later become sub-chapters in the discussion section. It is believed that this flow will prevent us from being biased in the discussion.

RESULTS AND DISCUSSION

The Life of Monzer Kahf

Monzer Kahf was born in Damascus, Syria, in 1940. Kahf received a bachelor's degree in Business from the University of Damascus in 1962. At that time, Kahf also received a direct award



from the President of Syria as the best graduate. In 1975, Kahf earned a Ph.D. in economics specializing in International economics from the University of Utah, Salt Lake City, USA. Informal lectures, namely, training and knowledge of Islamic Jurisprudence (*Fiqh*) and Islamic Studies in Syria. Since 1968, he has been a certified public accountant. In 2005, Monzer Kahf became a professor of Islamic economics and banking at The Graduate Program of Islamic Economics and Banking, Yarmouk University in Jordan.

For more than 34 years, Kahf devoted himself to education. He was a teaching assistant on the economics faculty of the University of Utah, Salt Lake City (1971-1975). Kahf has also been active as an instructor at the School of Business, University of Damascus (1962-1963). In 1984, Kahf decided to join the Islamic Development Bank, and since 1995 he has been a senior (Islamic) economist at IDB. Monzer Kahf was among the first to actualize the analysis of the use of several Islamic institutions (such as zakat) on economic aggregates, such as investment savings, consumption, and income. This can be seen in his book entitled "*The Islamic Economic: Analytical of The Functioning of the Islamic Economic System*," published in 1978. At that time, most of the works on Islamic economics were still discussing the principles and outlines of Islamic economics.

Kahf's primary and essential thought is his view of economics as a particular part of religion. Because for him, faith with an understanding that is faced with human beliefs and behavior, economic behavior must be one aspect of religion (Amalia, t.t: 307). Kahf's works are A Contribution to the Theory of Consumer Behavior in an Islamic Society (Cairo: 1984), Principles of Islamic Financing: A Survey, (with Taqiullah Khan IDB: 1992), Zakah Management in Some Muslim Societies (IDB: 1993).), The Calculation of Zakah for Muslims in North America, (Ed. 3, Indiana: 1996), Financing Development in Islam (IDB: 1996), and The Demand Side or Consumer Behavior In Islamic Perspective.

Islamic man Concept

The concept of Islamic man is considered to improve the idea of a rational economic man (economic man), known in conventional economics. Where the criticisms of rationality in conventional economics include: a) Too demanding, because they assume every economic agent must have complete information; b) Does not describe actual human behavior, that is, what is assumed by conventional economics does not represent actual human behavior and ignores emotions and feelings; c) Choices need to be consistent. Individuals are assumed to be rational if they choose choices that are always consistent and ignore individual differences in taste; d) Too materialistic. Conventional economic theory assumes that humans always want to achieve higher material profits while there are limits in human will. In reality, human desires are limited by budget constraint/level of income, price level, or level of capital owned and by-laws, regulations,



traditions, religious values/teachings, moral values, and social responsibility (Athoillah and Anees, 2013: 197).

According to Kahf, Muslims do not have to be Muslims. But as long as the person is willing to accept the Islamic paradigm, he can be called an Islamic Man. All the decisions he makes will certainly be different from those who run a conventional economy. The three pillars are: First, Everything belongs to Allah; humanity is His caliph (have rights/responsibilities). Second, God is one; only God's law can be enforced. Third, work is a virtue, and trouble is a bad trait; therefore, an attitude of self-improvement is needed. In short, an Islamic man is an individual who seeks to maximize al-falah rather than maximizing self-interest. The basis for the uniqueness of Islamic Man is because Islamic teachings direct an orientation that is worldly and ukhrawi (Amalia, t.t: 276).

To formulate the concept of Islamic Man, Monzer Kahf proposed the following principles of Islamic rationalism (Athoillah and Anees, 2013: 198-199):

- a. Success concept. Success in Muslim life is measured by the morals of the Islamic religion, not by the amount of wealth one has. The higher one's morality, the higher the success achieved. Virtue and piety to Allah SWT are the keys to Islamic character (Hendrie Anto, 2003: 123).
- b. The period of consumer behavior. In the view of Islam, life in this world is only temporary, and there is eternal life in the hereafter, so in achieving satisfaction, there needs to be a balance between the two periods of time to achieve true success.
- c. Wealth concept. Wealth in the Islamic vision is a mandate from Allah SWT and a tool for individuals to achieve success in the hereafter. In contrast, according to the conventional view, wealth is an individual right and is a measure of their stage of achievement in this world.
- d. The concept of goods is always related to moral values. In the Qur'an, it is stated that there are two forms of goods: *al-tayyibat* (goods, clean and holy and valuable) and *al-rizq* (gifts of Allah), which can contain lawful and unlawful. According to Islamic economics, goods are divided into three categories: *daruriyyat* (primary), *hajiyyat* (secondary), and *tahsiniyyat* (tertiary).
- e. Consumer ethics. Islam prohibits individuals from using goods to achieve satisfaction as long as the individual does not consume illicit, dangerous, or destructive goods (Hendrie Anto, 2003: 123).

Islamic Man is considered a rational behavior if it is consistent with Islamic principles, aiming to create a balanced society. In short, Islamic Man is a person who makes Islamic values



in the use of rationality in economic activities. The Islamic value in question is the *maslahah* orientation controlled by the belief in monotheism and the desire to get happiness in this world and the hereafter.

Islamic Rationalism

In conventional economics, rationality is an essential concept because the paradigm assumes that individual actions are rational. Roger Leroy Miller defines rationalism as human action that maximizes satisfaction or profit based on needs and desires, all of which are driven by common sense (Athoillah and Anees, 2013: 193). Islamic rationalism is one of the most freely used terms in economics because many things can be rationalized (Nur Chamid, t.t: 388-389). Kahf stated that three principles dominate human economic behavior under Islamic culture:

- a. Belief in the last day. Islam combines belief in the Day of Judgment and the afterlife with faith in Allah. Life before death and life after death are closely related. This has two effects for consumers: First, the results of choosing an action are composed of 2 things: the consequences of steps in the present life and the values in the afterlife. Second, the number of alternative uses of one's income is increased by the income from all the benefits obtained in the hereafter. Example: *qard hasan* (providing a loan at no additional cost). Maybe for capitalists, it is something whose profit is zero or negative, but it has a positive utility (Nur Chamid, t.t: 388-389).
- b. Success Concept. In Islam, success is seen in "obedience to Allah" and the prohibition of hoarding wealth.
- c. The concept of wealth is that property is a gift from God; therefore, one must use wealth to benefit and fulfill human needs.

Rationalism in Islam is stated as an alternative consistent with Islamic values. This can look rational if consuming an item is not solely aimed at maximizing satisfaction but always pays attention to whether the thing is *halal* or *haram*, *israf* or *tabzir*, harms society or not, and so on. In the concept of rationalism, one is not allowed to be materialistic and always pays attention to the advice of the Shari'a to do good for the community and care for the surrounding community. He is willing to sacrifice his pleasure to please others. The motive in doing good to others, whether in the form of giving, giving charity, helping orphans, or issuing *zakat* on the property, and so on, is not based on economic motives as in the doctrine of social responsibility, but merely hopes for the pleasure of Allah SWT.

The State

According to Kahf, the State is the planner and supervisor. Kahf mentions three objects of State policy:



- a. Maximization of the use of natural resources. This is a development goal. This objective means fully and thoroughly covering the natural and human resources concerned. Not using the resources that exist on earth means being ungrateful and disobedient to Him.
- b. Minimize the distribution gap. This is the main objective of economic policy in the Islamic State. This goal is taken from the Qur'an and Sunnah relating to consumptive behavior such as the prohibition of luxury and taken from the two main principles of Islam, namely equality of dignity and brotherhood and the principle of not wanting the concentration of wealth and income.
- c. Making regulations for economic actors to ensure compliance with government regulations. An integral part of the political unity of Muslims is the Hisbah Institute. His role is to do what is right and abandon what is wrong.

To achieve the three policies above, the State uses fiscal and monetary policies, means of production and distribution as well as legal force (Haneef, 2006: 109) Islamic Man and the State, both of which must work together to achieve goals (Amalia, t.t: 308)

Concept and Methodology of Islamic Economics

Although all religions talk about economic issues, there are different views on economic activities. Certain religions see human economic activities only as necessities of life that they should only fulfill their food and drink needs. There is an assumption that excessive economic activity is a wrong orientation to human resources or is a type of crime. Thus, such religions assume that people who are less involved in financial activities are closer to God. This is because the property itself is a crime.

Meanwhile, Islam considers human economic activities as one aspect of carrying out their responsibilities on this earth (world). People are getting more and more involved in economic activities and can get better, as long as their lives are balanced. Piety is not a positive function of economic unproductiveness. The more pious a person's life is, the more productive he should be. Wealth itself is good, and the desire to acquire it is a legitimate goal of human behavior. Because economically productive jobs have religious values, in addition to other matters.

Islamic economics is limited by Islamic commercial law, but this is not the only limitation regarding the study of economics. The Islamic social system and religious rules have much, if not more, influence on the economic scope than the legal system. The study of history is significant for economics. Because history is the laboratory of humankind, and economics, like social science, needs to return to history to conduct its experiments and derive long-term trends in its various economic changes. History gives two main aspects to economics: the history of economic thought and the history of economic units such as individuals and business entities.



However, it should realize that these two methods are applied in the study of the rules and principles of the Islamic economic system, although only a few can be applied in the study of macroeconomics and general balance in such an economic system, or even in the study of theories of consumption and production. Because in both fields, certain types of mathematical analysis are needed (Nur Chamid, t.t: 387-388).

Theory of Consumption and Its Implications for Theory of Production

Islam does not prohibit individuals from using goods to achieve satisfaction as long as the individual does not consumer goods that are haram and harmful or destructive. Islam forbids consuming goods for israf (waste) and tabzir (spending in the wrong way), such as bribery, gambling, etc.

Kahf developed his thinking about consumption by introducing Final Spending (FS) as a standard variable in seeing the maximum satisfaction obtained by Muslim consumers. One of them begins by assuming that zakat institutions are specifically considered part of the socio-economic structure. Kahf thinks that zakat is a must for muzakki. Therefore, even though zakat is spending that provides benefits, it is assumed that it is outside the final spending (Amalia, t.t: 311). The final expenditure for an individual in Kahf's analysis is as follows:

$$F_s = (Y - S) + (S - SZ)$$

$$F_s = (Y - SY) + (SYT - ZSY), \text{ or } F_s = Y(I - ZS)$$

Information :

F_s = Final Spending

s = Percentage of Y saved

Y = Income

z = Zakat percentage

S = Total savings, The higher, the smaller the FS

1. Production Theory

According to Kahf, a person's level of piety positively correlates with the level of production he does. If a person's piety value increases, his productivity value also increases, and vice versa if someone's piety is in the degradation stage, it will also affect the achievement of decreased productivity value (Nur Chamid, t.t: 390).

The aspects of production theory, according to Kahf are as follows:

- a. The motives of production, namely taking advantage of every particle of the universe, are the ideological goals of Muslims.



- b. The goals of production areas human efforts to improve their material and moral conditions and as a means to achieve their goals on the Day of Resurrection. This has three important implications. First, products that distance people from moral values are prohibited. Second, the social aspect of production is emphasized and strictly associated with the production process. Third, economic problems arise because of human laziness and negligence in their efforts to maximize benefit from God's grace, both from human and natural sources.
- c. The purpose of a business entity in the profit maximization process on behalf of a business entity must not violate the game's rules in Islamic economics.
- d. Factors of production.
- e. Capital as accumulated labor.
- f. Property rights as a natural consequence

2. Macro Monetary

a. Zakat

Kahf explained that the primary purpose of zakat is to achieve socio-economic justice. Zakat is a simple transfer of a specific size portion of the wealth of the rich to be allocated to the poor. Zakat is one of the characteristics of the Islamic economic system because zakat is one of the implementations of the principle of justice in the Islamic economic system. Zakat affects some micro and macroeconomic variables, such as increasing investment, aggregate production, and consumption, economic growth, decreasing community poverty levels, and so on (Kahf and Al-Yafai, 2015: 201-202).

Concerning the obligation of zakat and the use of luxury goods, Kahf stated that zakat is not applied to non-luxurious necessities of life. At the same time, in the case of savings invested in productive activities, the income is balanced with the obligation to pay zakat. Hoarding wealth, according to Kahf, is a crime. For example, he stated that using precious metals (such as gold and silver) for household appliances or utensils is considered a sin in Islam, which will punish in the hereafter. In addition, hoarding of assets will result in assets becoming unproductive and cannot be used optimally for the benefit of the community's welfare.

b. Prohibiting *Riba* and Bank Interest

There are two types of transactions that are not known in Islamic economics: interest on loans and excess quantity in the exchange of the same commodity. The reasons for the prohibition of usury in Islam are apparent. First, interest/usury increases the tendency for wealth to be controlled by a small group of people; in the process, he tends to dispel one's concern for one's neighbor. Second, Islam does not allow profits derived from economic activities unless it is



possible to lose from it. Third, in Islam, one must obtain wealth from personal activities and hard work, not from selfishness, to get as much profit as possible (Askari et al., 1985: 46-47).

c. *Al-Qirad* as an Alternative System

Economically, saving and depositing deposits in banks is a harmful activity. From an economic point of view, the truly productive activity is the use of these savings in the production process in terms of capital, land, or labor. And this activity should be rewarded or rewarded, so it is in Islam. The latter activity is known in Islamic books by two terms: *al-Qirad* and *al-Mudarabah*.

al-Qirad is a kind of cooperation between owners of monetary assets and entrepreneurs. *al-Qirad* is an Islamic mechanism for using economic assets in productive activities by transforming these assets into factors of production. Theoretically, *al-Qirad* has a double foundation: the provision of ownership and the principle of cooperation. Condition of ownership means that the muqarid has the full right to claim his monetary assets and the increase arising from the growth of these assets by the entrepreneur. In contrast, the principle of cooperation means that both parties share the various elements that make up the project and interest in it.

As a substitute for the money market, Islamic economics displays the *al-Qirad* market. This market is the same as the stock market, which can also exist in Islamic economics. This market is tied to the implementation of *al-Qirad*, and the price is determined on a profit-sharing basis.

CONCLUSSION

The primary key that must be maintained in Islamic Economics as a social science discipline is to preserve the integrity of its essence and truth. The Islamic economic system combines ethics and economics as a micro basis, emphasizing its normative aspects more than its positive aspects. As one of the modern (contemporary) economic figures, Kahf has given many thoughts on Islamic economics. Moving on from the basic assumptions about Islamic Man and the State, Khaf builds economic theories based on Islamic values and various problems highlighted in Islam's view.

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