PROCEEDINGS

CALL FOR PAPER AND INTERNATIONAL SEMINAR
ON THOUGHTS OF SCHUMPETER AND ISLAMIC ECONOMICS

FACULTY OF ECONOMICS AND BUSINESS
UIN SYARIF HIDAYATULLAH JAKARTA

27 - 28 MAY 2015
INTERNATIONAL SEMINAR ON ISLAMIC ECONOMICS

“How does Classical/Neoclassical Economics and Islamic Economics Inspire Each Other?”

Faculty of Economics and Business
State Islamic University (UIN) Syarif Hidayatullah Jakarta
May 27 – 28, 2015
Jakarta
REVIEWERS

Pheni Chalid, Ph.D
Prof. Dr. Margareth Gfrerer
Dr. Ade Sofyan Mulazid
Dr. Desmadi Saharuddin
Dr. Roikhan M. Aziz
Dr. Muniaty Aisyah
Ali Rama, M.Ec
Zuhairan Yunni Yunan, M.Sc
Yoghi Citra Pratama, M.Si
PREFACE

Assalamu'alaikum Wr. Wb.

This International Seminar on Schumpeter Thoughts and Islamic Economics was held in the campus of State Islamic University (UII) Syarif Hidayatullah Jakarta on 27-28 May 2015 by the Faculty of Economics and Business which also supported by the Austrian Embassy Jakarta. The purpose of this seminar is to provide an effective forum for distinguished invited speakers, academicians, professionals and practitioners coming from universities, research institutions, government agencies and industries to share ideas and experience in Islamic economics and other related fields in dealing with the dynamics and challenges of the ASEAN Economic Community 2015. The seminar is also expected to generate networking, collaboration and joint efforts among the conference participants to advance the theory and practice as well as to identify major issues and trends in Islamic Economics and other related fields.

The main theme of this seminar is "How does Classical/ Neoclassical Economics and Islamic Economics Inspire Each Other?" which is divided into eleven related topics of interest that are economic development, monetary and fiscal policy, market structure, capitalism, socialism, entrepreneurship, political economy, history of economics, public finance, macro and micro perspectives, and comparative study of economic systems.

The papers that were presented on the second day formed the hearth of the seminar and provided plenty opportunity for discussion. This change, allowing the seminar to end with invited talks. All in all, the international seminar was successful.

Finally, a special thank you to all participants for coming, presenting their papers, and turning the seminar in a success.

Wassalamua'laikum Wr.Wb.

Dean of Faculty Economics and Business
**CONTENTS**

**THE INFLUENCE OF HOUSEHOLD'S INCOME, PRICES AND RELIGIOSITY TOWARDS CONSUMPTION OF HALAL PRODUCTS (CASE STUDY ON MUSLIM CONSUMERS IN PETIR VILLAGE TANGERANG)**
Abdul Wahid Hasyim, Rafi Kurniawan, Waldi Hanafi and Roikhan M.A....................... 1

**THE EFFECT OF UNEQUAL INCOME DISTRIBUTION ON ECONOMIC GROWTH OF DKI JAKARTA**
Puspi Eko Wirantri and Faizul Mubarok................................................................. 14

**ANALYSIS OF FACTORS THAT EFFECT THE OUTREACH: CASE STUDY BTPN SYARIAH**
Ramadhian and Jaenal Effendi................................................................. 26

**THE INTERACTIVE EFFECT OF ISLAMIC ENTREPRENEURSHIP AND SPIRITUALITY ON ZAKAH COLLECTION: A STUDY OF MUSLIM ENTREPRENEURS IN BANTEN, INDONESIA**
Soleh and Juliansyah Noor................................................................. 40

**POSITIONING TAWHID IN MAINSTREAM ECONOMICS SYSTEM**
Nurul Hilmiyah, Bayu Taufiq Possumah and Muhammad Hakimi Mohd. Shafai ........53

**SECULARIZATION HYPOTHESIS: THE RELIGION AND ECONOMIC RELATION REVISITED**
Bayu Taufiq Possumah, MA, PhD............................................................. 69

**THE PERFORMANCE OF MICRO, SMALL AND MEDIUM ENTERPRISES SECTOR IN THE ERA OF ASEAN-CHINA FREE TRADE**
Susanti and Budiono................................................................. 90

**PRAGMATISM IN ISLAMIC FINANCE AND THE WAY FORWARD: LESSONS FROM HAJJ LOAN FINANCING PRODUCT IN INDONESIA**
Misnen Ardiansyah, Ibnu Qizam and Abdul Qoyum..................................... 109

**FACTORS AFFECTING NON-PERFORMING FINANCING IN BPRS**
Muhammad Kemal Fauzi, Hilda Rahmawati and Bilal Ahmad......................... 122

**RATE OF PROFIT SEBAGAI PRICING BENCHMARK DI BANK SYARIAH UNTUK MENCPTAKAN KEADILAN EKONOMI**
Dr. Ir. Trisiladi Supriyanto, MSi .............................................................. 139

**ANALISIS PERBANDINGAN STABILITAS NILAI TUKAR RUPIAH DAN NILAI EMAS TERHADAP DOLAR AS ATAS PENGARUH VARIABEL MAKRO EKONOMI**
Mega T.R. Luik................................................................. 172
<table>
<thead>
<tr>
<th>Title</th>
<th>Author(s)</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>IDENTIFIKASI INEFISIENSI BPRS: PERBANDINGAN ANTAR WILAYAH DI INDONESIA BERDASARKAN PENDEKATAN PARAMETRIK DAN NON-PARAMETRIK</td>
<td>Syaafat Muhari and Muhamad Nadratuzzaman Hosen</td>
<td>187</td>
</tr>
<tr>
<td>WAKAF DAN POLITIK DI TUNISIA</td>
<td>Budi Juliandi</td>
<td>202</td>
</tr>
<tr>
<td>STUDI KOMPARASI PASAR MODAL SYARIAH DAN PASAR MODAL KONVENSIONAL</td>
<td>Dr. Gusniarti, MA</td>
<td>213</td>
</tr>
<tr>
<td>ANALISIS FAKTOR-FAKTOR PEMBENTUK DAYA TARIK WISATA SYARIAH DI INDONESIA</td>
<td>Kurniawan Gilang Widagdyo and Ade Suherlan</td>
<td>230</td>
</tr>
<tr>
<td>KOMPETENSI KHAS DI SEKTOR PARIWISATA</td>
<td>Annisa Retno Utami</td>
<td>242</td>
</tr>
<tr>
<td>SCHUMPETER THOUGHT AND ISLAMIC WORLDVIEW</td>
<td>Dr.Ir. H. Roikhan M.A., MM.</td>
<td>254</td>
</tr>
<tr>
<td>SCHUMPETERIAN ‘GREAT GAP’ THESIS AND MEDIEVAL ISLAMIC ECONOMIC THOUGHT: INTERLINK BETWEEN GREEKS, MEDIEVAL ISLAMIC SCHOLARS AND EUROPEAN SCHOLASTICS</td>
<td>Ali Rama</td>
<td>263</td>
</tr>
<tr>
<td>SCHUMPETER’S PERSPECTIVE IN INDONESIAN ENTREPRENEURSHIP</td>
<td>Margareth Gfrerer</td>
<td>281</td>
</tr>
<tr>
<td>SCHUMPETER’S PERSPECTIVE IN INDONESIAN SOCIOLOGY</td>
<td>Pheni Chalid, Drs., SF, MA, Ph.D.</td>
<td>289</td>
</tr>
</tbody>
</table>
SCHUMPETER THOUGHT AND ISLAMIC WORLDVIEW

Dr. Ir. H. Roikhan M.A., MM
Department of Islamic Economics, Faculty of Economics and Business,
UIIN Syarif Hidayatullah Jakarta
Rma7114@gmail.com

Abstract

Joseph A Schumpeter in Capitalism, Socialism, and Democracy (1976) as though devided economics quadrant becomes 3 vectors, quadrant x for socialism, quadrant y for capitalism, and quadrant z for democracy. While according to Roikhan in The Missing Trace of Islam (Jejak Islam Yang Hilang, 2005) stated that 3 economics quadrants has the same form with root of Islam that consist of S, L, M where S (saved) means human, L (stands for Lillah) means to Allah, and M (stands for Masjid) means worship. These all structures of 3 pillars has been exist in economics by add the third dimension that is religiosity dimension, then the building of economics in supply demand curve has pillar PQR where P for Price, Q for Quantity, and R for Religion.

Schumpeter would represent a concept about capitalism from existing economics theory, and Roikhan perspective in kaffah thinking would elaborate about future economics theory. Landmark of capitalism could be described as trickle down effect such as full water in a bottle, while benchmark of kaffah could be drawn as bottle leaked. According to these descriptions the formula of capitalism prefers to be an exponential form, but in kaffah thinking has an equation as hahslm.

In analysis of worldview, there are 2 platform in this research, first Conventional Worldview (CWV) and second Islamic Worldview (IWV). The differentiation between CWV and IWV is in its 3rd dimension. The real element in a business for this 3rd dimension of CWV is CSR while IWV has zakat. For America-Europe-Asia-Africa case there are 3 priorities analysis in Schumpeter Thought: 1. World of continent, 2. Zero inflation, 3. Entrepreneurship. And for Indonesia case, there has 3 ultimate problems: 1. Country of archipelago, 2. Must have an inflation, 3. State business. The finding in Indonesia case could be seen in diagram of PQR, Blood (red, bacteria, white), and BUMN (people, government, state business).

Conclusions of this study as follows: 1. World need growth while Indonesia as a complementary, 2. Entrepreneur would emerge together with state business initiative. And recommendation of this research is existing economics should more accept intangible assets such as religiosity.

Keywords: schumpeter, kaffah, thinking, hahslm, entrepreneur, religiosity
I. INTRODUCTION

Islamic Economics prefers to present a holistic approach for “doing business in the Islamic way”. For many questions in economic life Islamic Economics can already provide its position. Islamic economics has fundamental worldview based on kaffah (system) thinking where every single activity in business and economy there must be god in it. While Islamic economics has basic theory about business contract or aqad that can be transformed by fiqih approach (Islamic law’s study), but there are limitation in methodology and modeling technique especially in macro and microeconomics study. There are still shows many gaps and wholes in macro as well as in micro economics, which need to be filled with Islamic content in order to see Islamic Economics as an alternative to capitalism, market economy or socialism.

Joseph A. Schumpeter (1883 – 1950) is an economist cannot be considered as a mainstream economist. His focus is not purely on Macroeconomics or Microeconomics or Political Economics or Entrepreneurship or Social Studies. Joseph A. Schumpeter has been educated by the representatives of the Austrian School of Economics such as Carl Menger (1841 -1921), Eugen Boehm von Bawerk (1851 – 1914) and Friedrich von Wieser (1851 – 1926) on one side and on the other side he acquainted himself with the social philosophy represented by Karl Marx (1818 – 1883). Comrades from student days in Vienna are Ludwig von Mises (1881 – 1973) and Otto Bauer (1881 – 1938). Ludwig von Mises is seen as a representative of the Austrian School of Economics and has set up the Austrian School of Economics in the USA. Schumpeter and von Mises elaborated extensively the Socialism, where as Bauer has been a representative of the socialist movement in Austria together with Rudolf Hilferding (1877 – 1941). The youngest representative of the Austrian School of Economics is Friedrich A. von Hayek (1899 – 1992). Similar to von Mises and Schumpeter Hayek defended the Capitalism as the most suitable economic system against the Socialism.

The term Capitalism used by the economists in the late 19 and in the first half of 20 century is not comparable with the term Capitalism, which has been used in the second half of the 20 century until today. The contemporary term Capitalism does not anymore include terms such as responsibilities for human resource, environment and equity neither it includes sustainability and loyalty toward stakeholders as implicitness from employers side nor does it implicate employees loyalty and solidarity with the employer and company. The mutuality between employer and employee that Schumpeter highlights in his works about Capitalism as well as Entrepreneurship has – now-a-days – been replaced by contracts and requirements. Especially Schumpeter’s approach to the social values brought his thoughts about the characteristics of an entrepreneur into the spot light of the Corporate Social Responsibility (CSR) discussion, while many CSR actors understood the CSR approach as a new economic discipline.

In different works Schumpeter discussed the methodological individualism against the political individualism, social classes and imperialism, and also about socialism and democracy. In the discussion about innovation and development Schumpeter is also in the front line of all economists. The term Creative Destruction has become popular in 2005 with the appealing term “Blue Ocean Strategy”.
The first popularity Schumpeter gained with the book on “Essence and Chief Contents in Economic Theory” (1908). This book somehow sets the start for framing his curiosity to find measurements for economic thoughts and brought him further to the “Business Cycle Theory” (1939). On the way to that he has become the co-founder of the econometric movement in 1930. In countries like Indonesia Schumpeter is categorized primarily as a political scientist rather than an economist.

I. THEORETICAL FRAMEWORK

1.1. Dimensional in Economics Worldview

There are many definition relating with economics and worldview. In the book of Microeconomics stated that economics is the science that deals with the production, allocation, and use of goods and services (David, 2010: 4). In the other hand In the book of Worldviews: An Introduction to the History and Philosophy argued that worldview is an overall way of looking at the world (Dewitt, 2011: 16). The integration between economics and worldview can emerge the definition of economics worldview about basic thinking to modify resources for sustainability of life.

The description about economics worldview can be interpreted in transmission of economics in a nation from government to citizens and people to have well being function in economics. Then the wealth of economics in one nation can push the government to build more growth and comparative advantages.

Diagram Economics Worldview

Source: Proceed, 2015

In general, economics worldview can be drawn in 3 variables such as government, market and economics. In conventional worldview these 3 variables would be implemented as government, people, and tangible wealth, while in Islamic worldview these variables could be see as government, people, and intangible wealth. Specifically, Schumpeter thought in book Capitalism, Socialism, and Democracy indirectly showed that economic worldview can be interpreted in 3 axis line, where x axis is socialism, y axis is capitalism, and z axis is democracy. These 3 axis line has been adopted in Islamic Economics study program environment in State Islamic University (UIN) Jakarta by interpreted Al-Quran about the origin of human creation that Allah created human for doing worship (QS. Adz-Dzariyat
The xyz line from Al-Quran has pointed the lines of human, god, and pray. These lines has meaning related to a Holy Book that human to god to pray.

1.2. Dimensional in Curve

Existing economics theory has matter variables of something that must be quantified by numbers. Function of supply demand curve triggered by 2 dimensional axis, price line on y axis and quantity on x axis line. And there is no 3rd line exactly in this existing curve. In last decade, the world of macro micro economics is certainly going to affect variety of other sectors. Overview mapping of conventional economics concepts in general curve as describe.

Diagram Supply Demand Curve In Conventional Economics

Source: Proceed, 2015

The next future economics, two dimensional curve can not describe the complexity of today's world of equilibrium in supply demand. The appearance of 3rd dimension is a fact and a truth not only based on theory of economics but also derived from Quran whether muslim must have kaffah thinking (wholeness) from the curve of price (P), quantity (Q), and religiosity (R). Islamic economics has 3 main variables for function of supply demand curve (Roikhan, 2014: 39).

Diagram Supply Demand Curve In Islamic Economics

Source: Proceed, 2015

وَمَا خَلَقْتُ الْجِنََّ وَالْإِنسَ إِلَّا لِيَدْعُوُونَ
And I have only created Jinns and men, that They may serve Me.
Furthermore, the concept of three-dimensional economy is derived by Hahslim concept, in this concept every single economic activity should be accordance with the instructions of Allah and economic activities of each muslim should have a value that is always in ridha by Allah in order man to god to pray.

1.3. Dimension Of Conventional And Islamic Worldview

In existing theory of economics there are conventional economics that has been adopted widely in every business activities to be a vision of every single companies such as return above average. This vision of company can be seen globally as a blue print of business plan to maintain their going concern of sustainability in economy. The influence of this vision can trigger the mission to make standard operation procedure to do any activities relating with risk measurement should be compensated by benefit in economy or in the financial terminology is high risk high gain.

Structure in a company should be more like a growth of a human body. Preference to do more in some activities could be interacted with other need such as food, water, and oxygen. So if the company follow the economics principle by less effort to get maximize result this would not equal with growth of the body. But this missin of existing worldview can be converted as new terminology relating with globally issues such as think global and act locally.

The gradient theory has 3 axis line could also show how economics perspective can be put in each line. First, vertical line is matched with capitalism perspective with its preference related to growth, money supply, and price. Second, horizontal line is more appropriated to the socialism perspective where community base closes to have comparative advantage, people demanda, and quantity. Third, lateral line is conjunction with Islamic perspective that has differentiation about intangible asset, religion, and more on worship.

II. RESEARCH METHODOLOGY

3.1 Islamic Methodology

A. Ontology

Every concept must have a basic method. In general knowledge concepts are always consistent would be a shape of universal that is understood as basic values which will be possessed by another platform. Likewise with Ontology of a true universal concept comes from "The One" Allah Swt. And the Creator had given the guidance that the universal form of the universe and all creation in a system can be defined as Islam\(^2\). The life of the existing system in human beings, environment, and universe are originated from the Islamic

\(^2\) The system is part of the real world that consists of various elements on a place and time constraints.

Components and processes interact designed based on the concept developed in accordance with the (Cambridge: Avebury, 1994), p. 24.