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Analysis of Economic Policy in the Middle East in the Classical and Contemporary

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Abstract. The purpose of this study is to analyze the economic system in the Middle East based on the available literature. The research method used is content analysis in the type of semiotic analysis. This type of semiotic content analysis method is considered in accordance with the data used by researchers, namely literature or text, both verbal and nonverbal. The results of this study indicate that the economic system in the Middle East is considered dynamic. This condition occurs to compensate for the complex problems in the region. However, among 10 countries in the Middle East, only Syria is closed about the economic system used by its country. The economic system in the Middle East does not seem to be fixated on the long history of the development of economic thought in the early days of Islam, the arrival of Western colonialism, the emergence of nation states in the Middle East, to the explosion of the potential wealth of natural resources of the Middle East in contemporary times

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INTRODUCTION

The Middle East is an area that has various ethnic groups and cultures, including Arabs, Greeks, Assyrians, Iranians, Jews, Turks and Berbers. Of course, the presence of ethnic and cultural groups in the Middle East region has a significant influence on the economic system in the region. The economic problems faced by people in the Middle East prompted economic thinkers to seek solutions to the issues that arose. Abdul Azim Islahi (2009) asserts that economic activity always refers to economic thinking and economic thinking becomes a benchmark for economic conditions. Therefore, the economic system is a step and attitude taken to regulate and allocate resources, services and goods owned by the state, especially countries in the Middle East region. The economic system in the Middle East has experienced changes and developments historically through various influences from economic thinkers in an effort to solve the problems that occur.

Pujiati (2011) in his journal asserts that the economic problems that occur can be the same, but each country has a different political, social, and cultural system with different handling. Mudhiiah (2015) explained that during the Prophet's time, the people of Medina had implemented an economic system as the beginning of the Islamic economy. The implementation of the

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economy carried out by Rasulullah Sholallahu'alaihi wasalam is sustainable until now which is based on sharia and muamalah in accordance with the Qur'an and As-Sunnah. Over time in the classical era, Middle Eastern economists such as Al-Ghazali and Ibn Rushd influenced many classical era economists from the West such as Adam Smith and Thomas Aquinas. Economic problems that occur are increasingly dynamic and complex, causing the application of economic systems in various countries and regions of the Middle East to be compelled to follow the development of science and technology in the contemporary era. So that the creation of economic flows that had never existed in the classical era as rules and laws in dealing with economic problems between individual countries and institutions such as trade, investment, export/import, buying/selling, bonds, stock exchanges, and rentals.

METHODS

The method used in this research is content analysis. There are three types of content analysis, namely discourse analysis, semiotic analysis and hermeneutic analysis. Semiotics is the science of signs. The term is taken from the Greek word Semeion which means "sign". Signs are everywhere, can be in the form of words, pictures, sounds, literary structures, film structures, musical structures and so on. Semiotics is also a science that examines cultural phenomena by understanding the meaning of signs of life. Semiotics is often used as an approach in text analysis, both verbal and non-verbal. This type of method is considered in accordance with the data used in this study, namely the study of documents in the form of journal articles and the text of the Qur'an and hadith.

RESULTS AND DISCUSSION

History of Classical Economic Systems in the Middle East

A. The Economic System at the time of the Prophet sallallaahu 'alaihi wa sallam

In the field of economy, the Prophet sallallaahu 'alaihi wasallam became the best role model in the development of the economic system in the Middle East. While in Mecca, the Prophet sallallaahu 'alaihi wasallam did not focus on building an economic system because he was struggling to strengthen the foundations of the Muslim faith and struggled from the pressures of the Quraysh of Mecca. Then, the Prophet sallallaahu 'alaihi wasallam decided to emigrate from Mecca to Medina which at that time was still in a state of chaos and only had tribal chiefs, such as the Aus tribe and the Khazraj tribe. When in Medina, the Prophet sallallaahu 'alaihi wasallam became the leader and managed all community activities in Medina, including in terms of the economy so that the people of Medina were prosperous and civilized.

According to Abdullah (2010) in his book entitled "Civilization of Islamic Economic Thought" explains that although the economic system at that time was still very simple, the Messenger of Allah (saw) was able to regulate all economic activities by prioritizing basic principles in managing the economic system. Rasulullah Shalallahu 'alaihi wasallam regulates all forms of economic activity in Medina by way of an Islamic sharia approach and muamalah based on the Qur'an and As-Sunnah. One of its applications is the prohibition on determining prices outside the normal limits which has similarities with the theory put forward by Western economist Adam Smith with his theory called Invisible Hands. At that time, the city of Medina experienced an increase in the prices of goods which made the people of Medina complain to the Prophet sallallaahu 'alaihi wa sallam. In the Sunnah of the Prophet sallallaahu 'alaihi wa sallam, said:

> *Has informed us 'Amr bin 'Aun has informed us Hammad bin Salamah from Humaid and Thabit and Qatadah from Anas, he said; There was a crisis at the time of the Prophet sallallaahu 'alaihi wasallam, then people said; "O Messenger of Allah, the price of goods has soared, therefore set a price for us!" The Messenger of Allah -peace and prayer of Allah be upon him- said: "Indeed, Allah is the Creator, the One who spreads sustenance and the Giver of sustenance and who determines the price. Indeed, I hope to meet my Lord, while none of you will demand the injustice that I have done to him, whether related to blood or property."*

As has been applied by the Prophet sallallaahu 'alaihi wa sallam, long before Adam Smith applied his economic theory of Invisible Hands. The free market mechanism is a stipulation in regulating the price of goods by impersonal nature which is an agreement between the buyer and seller without having to have a barrier or price limit from any party, including the government or the State. According to Adiwarman A. Karim (2015) in his book entitled "Islamic Microeconomics, Fifth Edition" asserts that Adam Smith's free market theory points out that the market is governed by invisible hands, which is more accurately described as God's hands.).

In order to achieve the welfare of the people of Medina, Rasulullah Shalallahu'alaihi wasallam implemented a fiscal policy aimed at maximizing the allocation of resources efficiently, maintaining economic stability, increasing economic growth, and regulating the distribution of income and ownership. After the Battle of Badr, the State received the spoils of war (ghanimah) as much as one-fifth (Al-Khums) of the amount. Allah SWT says in Surah Al-Anfal verse 41:

> *And know, verily, all that you get as spoils of war, then one-fifth to Allah, the Messenger, the Prophet's relatives, orphans, the poor and ibn Sabil, (so) if you believe in Allah and in what We have sent down to Our slaves (Muhammad) on the day of Furqan, which is the day the two armies meet. Allah is almighty over all things.*

Various efforts and struggles were made by the Prophet sallallaahu'alaihi wasallam to optimize economic fiscal policy based on economic foundations, including: (1) establishing Baitul Maal, (2) increasing the workforce of the Muhajirin and Ansar, (3) applying land taxes based on

productivity. land and (4) maximizing income from Muslims such as zakat, ushr/import duties, endowments, amwal fadhla/ property without heirs, nawaib/ imposition of taxes on the rich in an emergency, zakat fitrah, khums/ treasures or findings, and indemnity / fine. As for non-Muslims such as jizyah/life protection guarantee, kharaj/land tax, and ushr/import duty.

B. The Economic System during the Khulafau'rrasyidin

1. Abu Bakr Ash-Siddiq

Abu Bakr Ash-Siddiq was the first caliph after the death of the Prophet sallallaahu 'alaihi wa sallam. Although only two years in leading the government, Abu Bakr Ash-Siddiq was faced with various problems that occurred during his leadership. According to Listiawati (2016) in her journal, she emphasized that the problems faced by Abu Bakr Ash-Siddiq at that time were apostates, false prophets, and disobedience in paying zakat. Yatim Badri (2000) in his book entitled “History of Islamic Civilization. cet. The 4th” emphasized that at that time the Companions held deliberations to fight these groups through the Riddah war (the war against apostasy).

An important situation that occurred to the economic system after the Riddah war, Abu Bakar Ash-Siddiq applied an important principle in Islamic taxation by optimizing zakat as a source of state income. The distribution of funds originating from the Baitul Maal is carried out with the principle of equality, distributing the same amount to friends without distinguishing based on their Islamic order and without differentiating their social status and without discriminating based on gender. During the leadership of Abu Bakr Ash-Siddiq the distribution of wealth in Baitul Maal never piled up until when Abu Bakr Ash-Siddiq died only one dirham was found in the State treasury.

2. Umar bin Khattab

Umar bin Khattab is the second caliph after the death of Abu Bakr Ash-Siddiq, during his ten years of leadership, Umar bin Khattab expanded in various Roman territories in the Arabian Peninsula such as Syria, Palestine and Egypt as well as in various territories under Persian and Iraqi control. The economic system at the time of Umar bin Khattab was different from the previous period, by not spending wealth in the Baitul Maal or doing it gradually according to the needs faced and allocating assets in the Baitul Maal by backing up existing assets. The principle of the economic system applied by Umar bin Khattab is virtue, from the application of the principle of virtue it has positive and negative impacts. Its positive impact on the progress of Muslims and became a golden age for Muslims. The negative impact on social inequality in people's lives. So there was Umar bin Khattab's desire to improve the state of the country at that time. However,

before the implementation of changes and improvements, Umar bin Khattab died because he was killed by Abu Lu'luah (Fairuz) a magi who came from Persia during the morning prayer.

3. Uthman bin Affan

Uthman bin Affan is the third caliph of Islam, for twelve years as the leader of the State. Uthman bin Affan did not make changes in the economic system, which only continued all the economic policies of the Caliph Umar bin Khattab. The principle of the economic system applied by Uthman bin Affan is virtue. According to Eui Amalian (2010) in his book entitled "The History of Islamic Economic Thought from Classical to Contemporary Periods" explains that Uthman bin Affan implemented a policy of distributing state land to the people to do reclamation and contribute to the Baitul Maal, the initial policy of the State getting an increase in income The state of 50 million dirhams from the time of the caliph Umar bin Khattab. However, the policies implemented had an impact on the state of the country at that time, many Muslims felt disappointed because many state officials acted corrupt and political chaos that continued to occur until the Caliph was killed.

4. Ali bin Abi Talib

Ali bin Abi Talib is the fourth Caliph of Islam, for five years as the leader of Muslims, Ali bin Abi Talib carried out a purge by dismissing all state officials who committed acts of corruption and re-run the distribution of tax revenues to the people. During his leadership, Ali bin Abi Talib met resistance from the Khawarij and was involved in the Muawiyah war. During his leadership, Ali bin Abi Talib made important innovations in the country's economy by printing coins labeled Islamic State. Economic progress at this time, Muslims have been able to master the technology to smelt iron and mint coins. The economic system applied to Ali bin Abi Talib's government is equal distribution, according to Karim (2006) in his book entitled “The History of Islamic Economic Thought. Third Edition” emphasizes that the economic system is the best solution from a legal perspective and the contribution of a country in transition.

C. The Economic System in the Umayyad Period

The Umayyad caliphate (661–750 AD) under the leadership of Muawiyah ibn Abi Sufyan was the first caliphate after the Khulafau'rrasyidin era which controlled the area in the Arabian Peninsula and its surroundings to the Cordoba region, Spain. During the Umayyad period there was a reform of the economic system by reforming the administration of state finances, including trade (silk, ceramics, medicines, and perfumes), agriculture and industry (implementing an irrigation system), fiscal reform (land taxes) and making currency money.

D. The Economic System of the Abbasids

The Abbasid caliphate (750–1258 AD) under the leadership of Abdullah al-Saffah ibn Muhammad ibn Ali ibn Abdullah ibn al-Abbas succeeded in bringing the influence of Islam and was growing rapidly through various fields such as science, philosophy and civilization. The economic system applied to the Abbasids was not carried out in the rules of the Caliph as head of state and head of government. The regulation and implementation of the economy is carried out by legal experts (Al-Fuqoha) and judges. Then, the income obtained by the state does not only come from agriculture, trade and industry. Land and land taxes are a source of state revenue using three types of tax collection systems, including Al-Muhasabah (taxes are paid depending on the amount of land, not the result), Al-Muqasamah (taxes paid with the proceeds from the land), Al-Muqatha'ah (taxes are paid between taxpayers and the government).

E. Conventional Contemporary Economics Thought

Economics, which is known in contemporary times, has a long history, starting with economic practices long before the economic theory itself emerged. With a study of the history of Islamic economic thought, it can be studied more deeply in Islamic teachings such as avoiding market price intervention in the prophetic and past glory of Islam as well as research by previous scholars on solving economic problems in their time. Not only that, but we can also find indications of the influence of the development of economic thought during the heyday of Islam on the development of conventional contemporary economic thought in Europe during the Renaissance.

Many researchers believe that Western economists began the study of the history of economic thought in Ancient Greece, and continued centuries later with the thought of Scholastic figures, leaving a fairly large gap. Schumpeter first expressed this 'Great Gap' thesis in his book "History of Economic Analysis" (1954). In fact, at the same time those times were the era of the glory of Islam in which science and science developed rapidly. Mohammad Nejatullah Siddiq (1992) in his book "Role of the State in the Economy: An Islamic Perspective" divides the stages of development of Islamic economic thought into four phases. The first phase called the "foundation" dates from the early period of Islam to 450 H/1058 AD In this period jurists, Sufis, and philosophers contributed to economic thought. The second phase lasted for four centuries until 850 H/1446 AD. In this phase the scholars took advantage of the intellectual property of Islamic heritage in addition to the Qur'an and Sunnah. The third phase ranges from 850-1350 H/1446-1932 AD, in other words this phase begins when stagnation dominates Muslim thought. The fourth phase is the current situation which started from 1350 H/1932 AD until now.

It can be found that the phase of stagnation mentioned above is an indication of the transfer of wealth of treasures of economic thought from the Islamic world in the Middle East to the study of western scholars, both from the beginning of the Renaissance to the modern era. Among the conventional contemporary economic thoughts that emerged in Europe during this period were:

Table 1. Contemporary Economic Thought

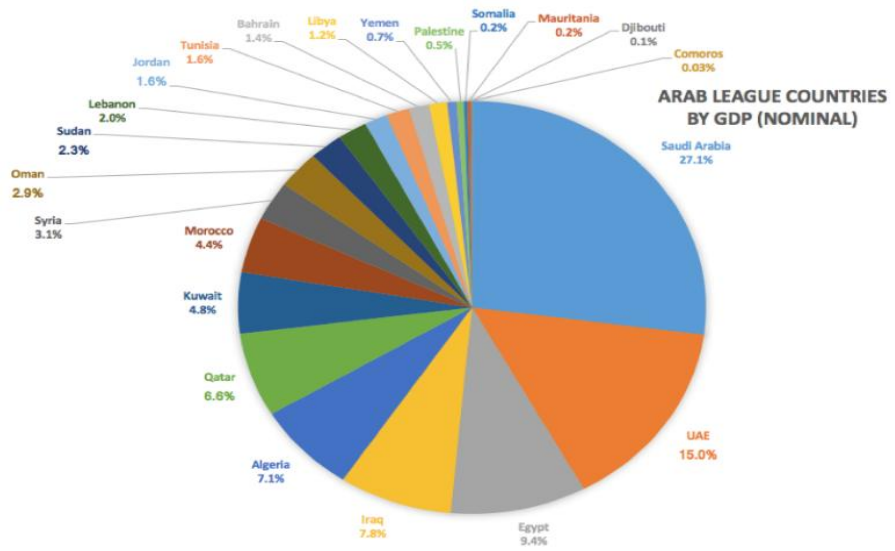
No	Sect (Stream of Thought)	Main Character
1	Merchantilism (1500-1776)	1. Thomas Mun (1571-1641)
		2. Jean Baptist Colbert (1619-1683).
2	Physocrat (1756)	Francois Quesnay (1654- 1774)
3	Classic (1776)	1. Adam Smith (1723-1790)
		2. Jean Baptist Say (1767-1832)
		3. David Ricardo (1772-1832)
4	Socialist (10820-1850)	Karl Marx (1818-1883).
5	Historical (1840)	Friederich List (1789-1846)
6	Marginalist (Neo-Classic) (1871)	1. Karl Menger (1840-1921)
		2. William Staley Jevons (1835-1882)
		3. Leon Walras (1834-1910).
7	Institusionalist (1900)	Thorstein Veblen (1857-1929).
8	Keynesian (1930)	John Maynard Keynes (1883-1946)
9	Chicago]9](1976)	Milton Friedman (1912-2006)

The 16th century marked a period of rapid economic expansion. This expansion played a major role in many other social, political, and cultural transformations of the early modern era. Along with the development of shipping and trade at that time, came the notion of mercantilism. For the mercantilists, gold and silver were a source of state wealth. The more a country controls gold and silver, the richer and more recognized that country is. This situation triggered the progress of the search for wealth and, at the same time, accelerated the progress of colonialism.

The colonialism system during the mercantilist era triggered the birth of Physiocratic thought as a threat to mercantilism thought. In the physiocratic era, economic thought was known as a madhhab or school because it had a certain pattern of thought and structure of analytical framework for the economic problems faced by humans. Physiocrat thinking emphasizes that natural laws govern the economy. This is what later became the forerunner to the emergence of Adam Smith's thinking which was then popularly known as the free market or capitalism system. Adam Smith, who is known as the Father of Modern Economics, through his phenomenal work

"The Wealth of Nations," developed several basic concepts in modern economics, especially the principle of liberalism, namely a free market with minimal regulation.

Various parties have criticized Smith's ideas related to liberalism, including those conveyed by Karl Marx and Freidrich Engels through their book Das Kapital which further laid down the basic principles of the socialist system, namely a populist economic and political system based on public ownership known as collective ownership of the means of production. . In a purely socialist system, all legal production and distribution decisions are made by the government and individuals depend on the state for everything from food to health care. The government determines the level of output and the price of these goods and services. Socialists argue that common ownership of resources and centralized planning provide for a more equal distribution of goods and services and a more just society. On the other hand, other criticisms have also emerged against classical economic theory, namely the Keynesian theory with the figure who popularized it, namely John Maynard Keynes in the book "General Theory of Employment, Interest, and Money" published in 1936.



Picture 1. Arab League Countries by GDP (Nominal)

By observing the top 10 countries in the Middle East based on the order of Gross Domestic Product (GDP) released by the International Monetary Fund (IMF) in 2021, only Syria among these 10 countries does not openly implement liberalism in their country's economy due to the background of the Syrian government. which tends to be socialist since the 1960s. As reported by the World Bank, it can be said that the current trend of Middle Eastern countries is to implement a liberal economy with government regulatory intervention that adapts to the political climate in their

respective countries. This can be found at least in the case of subsidies for basic needs which have been gradually withdrawn in various Middle Eastern countries after a long time the subsidies were deemed to have been misdirected.

CONCLUSION

This fact reflects that the face of the Middle East has a dynamic and growing economic system. The economic system in the Middle East does not seem to be fixated on the long history of the development of economic thought in the early days of Islam, the arrival of Western colonialism, the emergence of nation states in the Middle East, to the explosion of the potential wealth of natural resources of the Middle East in contemporary times. In the context of a multidisciplinary study of the Middle East region, understanding the dynamics of the Middle East economic system is increasingly important in order to answer the many knots of multidimensional problems that until now have enveloped various regions in the Middle East.

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