

Original Article

Globalizing Islamic Economic Politics

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Abstract: *This paper aims to discuss the intricacies of globalization and Islamic political and economic strategies to deal with its threats. This research is library research by reviewing a variety of literature. In collecting data, the author utilizes documents in the form of books, journals, and other document sources. The analytical method used in this study is the hermeneutic method, which means interpreting, explaining, interpreting, and translating and understanding. The results showed that globalization, with its various variations, especially economic globalization, did not bring much prosperity to developing countries. The promises of globalization are mere myths. There has been a lot of condemnation from various circles around the world. In this regard, the Islamic political economy needs to build a strategy. In other words, Islamic political economy as a scientific discipline that examines efforts to mainstream the concept of Islamic economics in a country's economic development policy with the aim of improving people's welfare must be used to counter the threat of economic globalization. The tactical strategy of the Islamic political economy that can be done is to optimize the role of the Organization of Islamic Cooperation (OIC) and the Islamic Development Bank (IDB). The creation of the Islamic Common Market (PBI) and the use of a single currency in OIC member countries are other strategies of Islamic political economy that can be carried out. The establishment of global Islamic financial organizations and institutions by Islamic political and economic authorities is one of the efforts to counter global financial organizations and institutions created by globalization worshippers, such as the IMF, World Bank, WTO, and so on.*

Keywords: *Economic Globalization, Islamic Political Economic Strategy.*

I. INTRODUCTION

We live in the globalization era. Globalization itself is not a new phenomenon. It is actually a long-lasting cross-country cooperation. In the Indonesian context, the arrival of the East Indies Trade Congress (VOC) was a sign. However, economic globalization itself has only become mainstream for the last two to three decades. Strengthening economic globalization, especially since the agreement *General Agreement of Tariff and Trade* (GATT) awal 1990-an (Muala, 2020), which later become the World Trade Organization (WTO). Initially, both have the same goal, namely as a catalyst for international trade and upholding equality in the field of trade by eliminating discrimination. However, in practice, both imply discrimination in different forms when GATT is shaped over hegemony by explicitly and openly demonstrating dominance capabilities. While the WTO is in the form of *de facto taxation*, i.e. implicitly demonstrating dominance capabilities through incentive manipulation (Triyawan, 2021).

Enhanced economic integration worldwide, mainly through the cross-border movement of capital, goods, and services, is known as economic globalization. It is a historical phenomenon that is the outcome of human ingenuity and technical advancement. The movement of people (labor) and knowledge (technology) across international frontiers is another use for the phrase. There are further cultural, political, and ecological components of globalization (IMF Staff, 2008).

The globalization we faced after World War II, from 1945 to 1980 and 1990, according to Samir Amin, was negotiated globalization. By "negotiated globalization," we mean that the governments of Asia and Africa, the Soviet Union, and the United States and their allies created a multipolar negotiating structure that ruled the world order. Negotiated globalization is produced by four different historical blocks pushing each other together. First, the imperialist alliance between the United States and Western Europe with allies Japan, Australia, and Canada. Second, the Soviet Union was with its Eastern European allies. The People's Republic of China, which, although it is said to be in a socialist camp, has developed its independence policy since 1950. Fourth, the countries that formed the 1961 Non-Aligned Movement, which met in Bandung in 1955 (John & P. M., t.t.).

Suppose globalization today is characterized by the free flow of trade, investment, and production. In that case, it is possible to identify episodes of globalization similar to the Middle Ages or the so-called "Time of Commercial Revolution."



Traders flow freely across the globe, supported by risk-varying financial methods developed by Muslim countries that are consistent with Sharia (Askari et al., 2015).

Economic well-being has always been associated with globalization. The rapid growth of the global economy in the postwar period was accompanied by an equally rapid expansion of international trade and intervention. When we buy goods and access information, we no longer see national borders. Globalization is impossible to stop. The global trading system that includes almost all exports and imports of World Trade Organization (WTO) countries is split into a set of regional and bilateral free trade agreements (Yueh, 2018).

Economic globalization that claims noble goals is actually supported by ideologies that are often considered unequal, namely capitalism and liberalism. Capitalism as a victorious ideology and successfully overstepping the body of socialist-communist remains not a complete economic ideology; huge profits revolve only around a few, while many people are squeezed for resources (Muala, 2020).

Economic globalization, as Hans Kung notes, promises great hope for some and terrible terror for others. Economic globalization is the process of creating markets and production in different countries, becoming continuously dependent on each other as a result of the dynamics of trade in goods and services, capital movements, and technology. Economic globalization always goes hand in hand with technological globalization (Küng, 2002).

In the current globalization, there are groups of winners and groups of losers. What best needs to be done to help those who lose out in the torrent of economic globalization is a question that not only developed countries but also any country that has not benefited from economic globalization. Whether the Islamic political economy is able to provide answers to the problems of economic globalization and what kind of Islamic political and economic system needs to be created to deal with the rapid flow of economic globalization are questions to be answered in this article.

This research is library research that reviews literature and analyzes relevant topics. In collecting data, the author utilizes sources in the form of journals, books, dictionaries, magazines, and other sources. The analytical method used in this study is the hermeneutic method, which means interpreting, explaining, interpreting, and translating (Harahap, 2014). This method is used to understand various texts used in research. Hermeneutics means understanding the meaning of a text as a social structure that appears interactively. That is, hermeneutics is an interpretive procedure for revealing social reality in texts. Thus, the main goal of the method of hermeneutics seeks to dismantle the structure of interaction in the text (Hamzah, 2020).

II. LITERATURE REVIEW

A) Globalization in Various Definitions

The answer to the question of what exactly globalization is requires an examination of numerous definitions, including those that refer to it as an idea, a pattern or project, a historical human activity, a potential future, a scenario, or a trend. The many definitions of globalization cannot be separated from each person's perspective. So, there are differences of opinion about globalization. Jan Aart Scholte argues that there are at least five definitions of globalization that can be found in the literature (Scholte, 2003).

Internationalization as globalization comes first. In this context, globalization refers to cross-border interactions between nations and denotes interdependence and international trade. The potential to enter the global economy exists due to the expansion of capital investment as well as trade flows (Hirst & Thompson, 2009).

Second, globalization as liberalization. This definition implies the removal of government-imposed restrictions on movement between countries to create an open world (Scholte, 2003). Third, globalization is universalization. In this usage, the word 'global' is used in a worldwide sense, and globalization is the process of spreading various objects and experiences to people in all corners of the world. Fourth, globalization as westernization or modernization, especially in the form of 'Americanization.' Here, globalization is understood as a dynamic of the social structure of modernity: capitalism, rationalism, industrialism, bureaucratism, etc., spread throughout the world, which usually destroys pre-existing cultures and local self-determination processes. Fifth, globalization is deterritorialization or the spread of supraterritoriality. Here, globalization entails the reconfiguration of geography so that social spaces are no longer entirely mapped in terms of places, distances, and territorial boundaries. Giddens defines globalization as the intensification of worldwide social relations connecting distant regions (Giddens, 1990).

With the definition presented above, specific changes will emerge in the process of globalization, including (1) the loss of boundaries that separate human society; (2) the waning of racial, local, and national issues, replaced by allegiance to global issues; (3) the emergence of global citizenship rather than national citizenship, (4) the coming together of all persons in society and the growth of interaction and communication between those groups; (5) the establishment of a global culture and the

promotion of common values accepted by the whole world, (6) the decline in the value of racial, local, and national institutions due to the importance of global and transnational organizations and institutions; (7) the establishment of common international law and the empowerment of global organizations; (8) the emergence of global phenomena and issues (Referee, 2010). There are also many types of globalization: economic globalization, social globalization, cultural globalization, political globalization, environmental globalization, technological globalization, education globalization, financial globalization, geographical globalization, and so on.

B) Typology of Globalization View

There are at least three groups of views on globalization: the admirers as the first group, the critical-objective group as the second group, and the reject group as the third group.

The first group sees globalization solely in terms of its positive imperatives. For them, globalization is an inevitable demand of history, that is, a reality that must be accepted. Since here globalization is not an option, against globalization, they behave: "There is nothing we can do about it." This group is supported by fundamentalist-oriented academics (Smithians) who support liberalism and capitalism and view globalization as progress and opportunity.

The second group looks at the pros and cons of globalization objectively and critically expresses globalization as a disappointing phenomenon. They see globalization as full of promises but empty content. This group's view is represented by Joseph Stiglitz in his highly acclaimed book *Globalization and Its Discontent*, which views globalization as having enormous potential. However, they also doubt whether the promises of globalization will be realized. In short, this group seeks to correct and criticize, not oppose.

The third group sees globalization as a new style of imperialism, which, through the political projects of global imperialists with their global governments, openly "rampokizes" under the pretext of enforcing "marketization" in developing countries. Structuralism and Dependencia, especially those developed by Latin American scholars, belong to this third group. They reject globalization because the system is based on instinct homo hominem lupus predatory ones. To improve the position of developing countries, they advocated more inward-focused policies (inward-looking) and instilling the spirit of nationalism. They reject global inequality and defend national uniqueness. They reject economic domination or subordination, promote peaceful coexistence between nations, and champion a "new equality internationalism (a new internationalism of equals)" (Deliarnov, 2006).

C) Actors of Globalization

Globalization is played by three actors: the International Monetary Fund (IMF), the World Bank, and the World Trade Organization (WTO). These three institutions play an important role in shaping the international economic system that supports the globalization of open markets. In this regard, it is worth noting that behind every decision of the IMF, World Bank, and WTO, there is a "capitalist army" in the form of multinational corporations (MNCs) that are ready to take advantage. If necessary, the state also helps and facilitates multinational companies from their respective countries (Deliarnov, 2006).

The three global actors set rules around investment, intellectual property rights, and international policies. Another authority is to urge or influence and force third-world countries, such as Indonesia, should modify their domestic policies in order to facilitate the seamless integration of their country's economy with the world economy.

The process of smoothing the path of integration is taken by changing all policy rules that block the three actors of globalization. TNCs operate in the form of production, market expansion, and investment expansion, for example, oil and gas mining expansion, as happened in Indonesia. Globalization actually has nothing to do or interest with people's welfare and social justice in Third World countries but rather is driven by the motive of the interests of international capital accumulation carried out by these three actors (Fakih, 2009).

The assistance packages in the context of IMF and World Bank planning typically address imbalances in the economy by introducing broad fiscal and monetary policies; they also reform the public sector, update the legal and supervisory framework, liberalize financial markets, do away with subsidies, and encourage the free flow of capital and investment. It is not surprising that some say these structural adjustment programs are tantamount to a slowly foreign-controlled coup (Warde, 2000).

D) The Myth of Globalization's Promises

Globalization circulates many promises: promises to increase economic growth, increase exports, make prices cheaper, raise living standards, facilitate the flow of transportation and information, provide access and transfer of knowledge, extend life expectancy, serve society better, reduce poverty, reduce exploitation of women and children, and other promises. But most of these promises are myths (Deliarnov, 1995).

Globalization driven by free markets actually makes the domestic market inefficient so that instead of growth that arises, there is high unemployment. Globalization that is said to help developing countries increase exports and provide goods and services at low prices is also just an empty promise because, in reality, developing countries are actually dealing with developed countries' products that are of higher quality and cheaper prices. In contrast, developing countries' products are difficult to enter developed markets because they are hampered in various ways.

Globalization that is said to help developing countries create jobs is also not proven because the emergence of TNCs in developing countries actually causes unemployment because usually the business is capital intensive and high technology. That globalization will reduce the exploitation of women and children are also not proven because, in practice, there is a "feminization" of labor (the dominance of female labor in the industrial sector with low wages), and even some female migrants from villages are trapped trafficking (interstate trafficking in women) (Deliarnov, 1995).

E) Condemnation of Globalization

Criticism of globalization has been conveyed by various parties, both by economists and Islamic and Christian figures. Criticisms of Islamic economists are represented by Umar Chapra in his *Islam and Economic Challenge* (2000) and another more phenomenal book *The Future of Economics: An Islamic Perspective* (2001); the book *Islamic Economic Norms and Ethics* (1997) by Yusuf Al Qaradhawi; the book *Building an Alternative Economic System: An Islamic Perspective* (2009) by Taqyuddin An-Nabhani; and the book *Islamic Economics: A Macroeconomic Study* (2002) by Adiwarman Karim. Mohammad Amien Rais, in his book *Urgent Agenda of the Nation: Save Indonesia* (2008), also criticizes globalization as a form of economic imperialism.

Hans Kung, who represents Christian figures, also criticized globalization in his book *A Global Ethics for Global Politics and Economics* (1998). George Soros, in his book *The Crisis of Global Capitalism* (1998), warns: "Market forces, if given full authority in the purely financial and economic spheres, will cause chaos and ultimately lead to the collapse of the global capitalist system. Noam Chomsky in *Profit Over People: Neoliberalism and Global Order* (1999) and other writings also launched a critique of globalization. Chomsky sees globalization that does not prioritize people's rights as very likely to plunge into a form of tyranny, which can be oligarchic and oligopoliticistic. Such globalization is based on a combined concentration of state and private power that is generally accountable to the public. Moreover, there are still many thinkers from all over the world who launch criticisms of globalization that the author does not mention in this paper.

F) Political Economy or Political Economy?

The sweet promises of globalization that are not widely proven certainly need to be responded to by the Islamic political economy. However, before discussing Islamic political economy as an answer to the challenges of globalization, there are a few things that need to be mentioned about the difference between 'political economy' and 'political economy' and the relationship between politics and economics. According to Mohtar Mas'od (1991), as quoted by Deliarnov, the relationship between economics and politics can be translated into a question about the relationship between wealth and power. Economics deals with the creation and distribution of wealth, whereas politics deals with the creation and distribution of power (Deliarnov, 2006).

The mixture of economics and political science can produce one of the following two analytical methods: (1) the method of political, economic analysis, which is the application of approaches derived from political theory to understand economic problems, and (2) the method of political economy analysis, which is the application of approaches derived from economic theory to understand political problems (Deliarnov, 2006). Although the study of "political economy" is different from "political economy," the term "political economy" is more often used, which can be used to represent both "political economy" and "political economy" (Deliarnov, 2006). In other words, the phrases 'political economy' and 'political economy' carry the same meaning.

Political economy is the interrelation between political aspects, processes, institutions, and economic activities: investment, production, trade, price creation, consumption, and so on. That is, the political economy approach links all political administration, both those concerning aspects, processes, and institutions with economic activities, both carried out by the community and the government (Deliarnov, 2006). The purpose of political economy is to improve or improve the economy of the community and the country that is running. Several state policies can be classified into political-economic policies, including monetary, fiscal, export-import, and price policies (Janwari, 2017). So, what is meant by Islamic political economy?

G) The Nature of Islamic Political Economics

Many authors give definitions of Islamic political economy, Islamic political economy, Islamic political economic politics, or Islamic political economy. The author uses the term "Islamic political economy" to mean the same as other phrases. Islamic political economy, in the view of Ija Suntana (2017), is a government-made legal policy that addresses economic

growth and uses Islamic Sharia ideals as a benchmark to guarantee that community needs are met. The policy is a set of laws that governs how the government interacts with society, how people interact with one another, and how people engage in economic activity. Academically, the study of Islamic political economy is the result of the development of Islamic law in state security management policies. Technically, the Islamic political economy is better known as *Siyasah Maliyah*. Other terms are *tadakhkhul ad-daulah* (Suntana, 2010).

Irfan Syaumi Beik and Laily Dwi Arsyianti (2016) define Islamic political economy as a discipline that examines mainstreaming efforts (Mainstreaming) the concept of Islamic economics in the economic development policy of a country with the aim of improving the welfare of the community. While the Islamic political economic agenda is concerned: First, strengthening state policy support. Second, institutional expansion of the Islamic economy and finance. Third, education and internalization of Islamic economic values and concepts (Beik & Laily Dwi Arsyianti, 2016).

Islamic political economy is different from conventional political economy. Mohd Syakir Bin Mohd Rosdi (2015) sees four differences: First, the concept, both goals, all three characteristics, and the four principles. In terms of concept, conventional political economy is implemented for materialistic development. This runs counter to the idea of Islamic political economy, which considers spiritual development in addition to worldly perspectives. Three tendencies characterize the objectives of traditional political economy: material, efficient, and marketing. These goals are different from those of Islamic political economy: *mardhatillah* and *al-falah*.

From the aspect of characteristics, the characteristics of conventional political economy are understood that political economy analyzes economics and politics so that the interaction between entrepreneurs and rulers ensures an increase in national wealth to meet social needs. It covers political science and extends to the social sciences, culture, law, and psychology. This feature can be used as a preliminary illustration to characterize Islamic political economy. However, these characteristics differ from those of the Islamic political economy because of differences in *Tasawwur*. This happens within different epistemological frameworks. The epistemology of general development theory is sourced from Western ideology. In contrast, the epistemology of Islamic knowledge is sourced from four main sources, namely the Qur'an, al-Hadith, Ijma', and Qiyas Ulama (Rosdi, 2015).

From the aspect of principle, conventional political economy is capitalistic in nature and aims to obtain material and personal benefits. This principle is different from the principles of Islamic political economy, which emphasize justice, welfare, *Amar Makruf Nahi Mungkar*, based on the concept *Ubudiyah* and *Uluhiyah*, responsibilities as caliph and servant of Allah SWT, shura, and ethics. In line with that, the Islamic political economy, which emphasizes both spiritual and material, aims to create a balanced life, outward and inner (Rosdi, 2015).

Islamic political economy guarantees the fulfillment of the basic or primary needs of each individual of the state. Economic growth accompanied by equitable distribution of wealth is a principle of Islamic political economy. Islamic political economy encourages people to enjoy halal sustenance and take various pleasures of life according to their abilities. Therefore, the Islamic political economy guarantees the fulfillment of primary needs, including food, clothing, and shelter. It also aims to provide opportunities for man to obtain prosperity for his life (Marlina et al., 2019).

Islamic political economy must ensure that economic activities, whether they involve the production, distribution, or consumption of goods and services, take place in accordance with the provisions of sharia without any party being tyrannized or persecuted. Therefore, Islam establishes laws relating to economic activities (production, industry, agriculture, distribution, and trade), investment, currency, taxation, etc., which allow any person or state to have access to wealth without harming or being harmed by other people or countries (Anonymous, No Year).

Islamic political economy is built on the fulfillment of the needs of everyone as individuals living in a certain society, as well as the principle of working to obtain wealth in order to meet whatever can satisfy needs. Therefore, Islamic political economy actually stands on one concept, namely carrying out economic activities based on Sharia law, which is applied by everyone with the encouragement of piety to Allah and implemented by the state through the formation and promulgation of sharia (Nabhani & Wachid, 1996).

Islamic political economy is the implementation of various policies implemented by the state (*Islamic Caliphate*) to ensure the fulfillment of all the basic (primary) needs of each individual of society as a whole, accompanied by guarantees that enable each individual to meet complementary needs (secondary and tertiary) according to their abilities. Islamic political economy emphasizes meeting the needs of society individually, not collectively. Therefore, the Islamic political economy not only aims to improve the standard of living of a country but also guarantees everyone to enjoy the improvement of the standard of living (Sholahuddin, 2007).

The political strategy of the Islamic economy is to meet the basic needs of the people. Basic needs consist of basic needs in the form of goods (clothing, food, and shelter) and basic needs in the form of services (security, health, education). The fulfillment of basic needs in the form of goods is guaranteed by indirect mechanisms, namely by creating conditions and facilities that can guarantee the fulfillment of these needs. On the contrary, basic needs for services are met by a direct mechanism, namely by the state (Sholahuddin, 2007). Islamic political economy is a strategy for solving the main problems facing human beings who live according to certain interactions and enabling the person concerned to improve his standard of living and strive for prosperity in a particular lifestyle (Nabhani & Wachid, 1996).

Each header or subheading ought to include a flush left initial paragraph followed by a five-space indent in the following paragraphs that follow. An equation is stated with a colon before it, but no punctuation is used after the equation. Every equation has a unique number, which is indicated in the text only by the number inside a round bracket (e.g., (3) indicates "equation 3"). Make sure that whatever random numbering scheme you employ in your work does not conflict with the naming of an equation (3) or a reference [4].

III. RESULTS AND DISCUSSIONS

A) *Islamic Political Economy and the Threat of Globalization*

Economic globalization until now is still often faced with problems of nationalism and religion. The challenges faced are concerning: First, challenges from outside. Economic globalization is basically the standardization of global life dominated by Western players who indirectly suppress religious bases, especially Islamic economics. Second, challenges from within. It is characterized by a strong backlash against globalization in the form of the rise of personal ties and loyalties and localisms such as ethnicity and regionalism. Third, challenges from the side. This concerns non-political interests, especially economic interests that became increasingly dominant after the Cold War was over. In this regard, the state is often unable and unwilling to confront economic interests with the spirit of justice and national interests, let alone strive to meaningfully resurrect the Islamic economic system (Karim & Halwani, 2004).

In addition to bringing positive impacts, globalization also invites negative impacts. In responding to economic globalization, Iftodulul Maghfur (2016) offers several Islamic political economies by creating unity and unity of deliberation, carrying out trust, establishing legal justice, being responsible, obeying Allah, the Messenger of Allah and *Ulill Amr* (power holder) and keep the promise. The correlation of Islamic economic politics with politics legalizing all means are two things that are very contrary to the teachings of Islam. Islam rejects vehemently on economic politics that legitimizes all means (Maghfur, 2016).

M. Zia Ulhaq encouraged many parties to carry out economic politics oriented to the Islamic economic system, such as converting conventional banks into Islamic banks so that the market share of Islamic banks grew rapidly (Ulhaq, 2020). Abdurrahman Al-Maliki saw the need for Islamic countries to design political economies independently based on the comprehensive thinking they professed, namely the Islamic creed, to counter the capitalistic global economic-political system. That is, the economic policy of Islamic countries must be in the form of sharia laws extracted from the Qur'an and Sunnah or the postulates shown by the Qur'an and Sunnah. In other words, the political economy of Islamic countries must be Islamic economic politics derived from Islamic sharia (Al Maliki, 2009).

In the face of the global political economic system, Hizb ut-Tahrir (HT) sees the need to build Islamic connectivity as a global political and economic force. The concept of a caliphate, like HT's, hints at the globalization of Islam in its political and economic systems. The Khilafah offers not only a new global political system but also an economic system to counter the dominant global economic-political system. It also exposes HT's critique of Western civilization that undermines and oppresses the world system (Irkhami, 2018).

HT highlights economic ideas emanating from the West, ranging from debt relief, privatization, globalization, and free markets. Debt relief is said to be an attempt by the West to carry out neo-imperialism. Privatization is a Western tactic to take over domestic companies in developing countries, especially Islamic countries. HT sees economic globalization as an attempt to expand large Western companies in Muslim countries. The free market is a strategy to remove various barriers, including tariffs so that products from rich capitalist countries can freely enter and be sold easily in the home market. The solution offered by HT is to restore the glory of the Ummah by returning to His Shari'a, implementing it, and establishing the dawlah khilafah, which will protect and save Muslims from the treason of its enemies (Zaki, 2013).

B) *Islamic Economic Political Strategy*

The integration of the world economy as the goal of economic globalization is no different between the Islamic economic system and the global economic system. The methods for accomplishing this integration vary, though. While the global economic system depends on self-interested bargaining, Islam promotes justice based on moral standards. Economic

globalization moves without moral value judgment and considers wealth maximization and wanting satisfaction to be the main goals and serving personal interests to be the main driving force (Chapra, 2001).

M. Tariq Majeed found that globalization causes adverse consequences: it creates income inequality in OIC countries but does not cause adverse effects in non-OIC countries. Free trade does not improve poverty. Foreign direct investment only alleviates poverty in non-OIC countries. Financial liberalization has a negative impact and significant influence on income distribution in OIC countries. Globalization makes OIC countries suffer more from the adverse effects of globalization. In essence, OIC countries differ from non-OIC countries in terms of exposure due to globalization (M. Tariq, 2015).

In the face of economic globalization that is perceived as unfair, Chapra sees the need for struggle. In this struggle, what can help Muslim countries is their unity. Therefore, the *Organisation of Islamic Cooperation* (OIC) and *Islam Development Bank* (IDB) have an important role. Economic globalization is nothing to fear. What must be done is to fight for justice by undertaking the political, legal, economic, and social reforms necessary to utilize resources effectively and thus meet the challenges of globalization (Chapra, 2001). The OIC and the establishment of the IDB and a number of other local Islamic banks in the 70s were indeed an encouraging sign of the revival and rediscovery of Islamic values in the Muslim world (Mannan, 1982).

According to Siddiqi, an important task of the Islamic political economy is to design efficient production mechanisms that not only solve the problems of unemployment and inflation but also address the issue of income distribution (Siddiqi, 2001). Globalization that encourages countries to exploit each other for power and influence needs to be balanced by an Islamic political economy that links action to higher values and greater ideals (Khan, 2006).

C) Islamic Common Market (ICM)

Therefore, Islamic intellectuals and economists around the world need to develop strategic plans and proposals to implement the ICM. One of the important steps to be taken in this project is the improvement of trade and economic activity between Muslim countries. The pressure point is to eradicate poverty in developing countries and introduce a single currency to OIC member countries (Mohd Ma'sum Billah & Asep Saepudin Jahar, 2009), as is the euro currency used by European Union countries. The euro currency is also known as the region or Eurozone.

The rationale behind the establishment of PBI is the continued economic and political competition between Muslim and non-Muslim countries. The concept of PBI began during the OIC Foreign Ministers' Conference in June 1981 which urged to realize the need to use the economic unity of Muslims through economic integration. The main objective of PBI is to provide perfection of banking, finance, marketing, trade, and other economic activities related to the system that Muslims need. In short, PBI is an Islamic transaction framework for life and citizenship. It determines human activities, struggles, and actions in the Islamic way, including confronting globalization. PBI aims to address issues surrounding globalization, such as economic and political relations, sovereignty, international relations, publishing, ideology, and operational issues (Mohd Ma'sum Billah & Asep Saepudin Jahar, 2009).

There are several interests in the establishment of PBI. First, there is a need to work together to prepare a public market based on honesty and transparency. Muslims must have economic relations to deal with free trade. Second, there is a need for economic integration of Muslim countries. The establishment of PBI is needed to overcome the suffering caused by the West. Third, there is a need to strengthen cooperation on the basis of Islamic solidarity to face the challenges of globalization. Fourth, there is a need for PBI to implement one currency of OIC member countries and not prohibit entry to other markets (Mohd Ma'sum Billah & Asep Saepudin Jahar, 2009).

PBI integrates banking, finance, politics, and all economic activities throughout Islamic countries. This integration will unite the Ummah and can create an Islamic power where no outside policy can take over or oppress. This is the purpose of PBI: to reunite Muslims and build the strength of Muslims in the world, and to save them from insults and interference from foreign powers. In implementing PBI, Islamic moral concepts, such as creed, morals, worship, siyasah, and unity, must be practiced (Mohd Ma'sum Billah & Asep Saepudin Jahar, 2009).

PBI with economic policies to face economic globalization must be supported by a healthy political system. A healthy political system, according to Islam, Chapra said, consists of four criteria. The first criterion of a healthy political system is that the government is accountable to God, the sovereign God, the Lawmaker, the God who has the right to set the outlines of human behavior. The second criterion of a healthy political system is that rulers must be accountable to the people. This is because government is a mandate from God and the people, which has been imposed on those who are able to manage it. The third criterion of a healthy political system is the establishment of an atmosphere of deliberation. The ruler must handle the collective affairs of the ummah with a mutually beneficial consultation process. The fourth criterion of a healthy political system is the equality of all individuals before the law and the equal application of justice (Chapra & Basri, 2000).

The establishment of an Islamic Common Market (PBI) supported by healthy Islamic politics is an effort to globalize the Islamic political economy in the midst of currents and threats of economic globalization. The promises of globalization that have not been widely proven need to be balanced by the political forces of the Islamic economy that prosper humanity throughout the world.

IV. CONCLUSION

From the discussion above, the author can draw several conclusions. First, globalization, with its various variations, especially economic globalization, does not bring much prosperity to developing countries. The promises of globalization are mere myths. There has been a lot of condemnation from various circles around the world. In this regard, the Islamic political economy needs to play a role. In other words, Islamic political economy as a scientific discipline that examines efforts to mainstream the concept of Islamic economics in a country's economic development policy with the aim of improving people's welfare must be used to counter the threat of economic globalization.

The tactical strategy of the Islamic political economy that can be done to face the threat of economic globalization is to optimize the role of the *Organization of Islamic Cooperation* (OIC) and the *Islamic Development Bank* (IDB). In addition, the strategy that the Islamic political economy can carry out The global Islamic financial organizations and institutions created by the above Islamic political economy is an attempt to counterbalance the global financial organizations and institutions created by globalization worshippers, such as the IMF, World Bank, WTO, and so on.

Interest Conflicts

"The author(s) declare(s) that there is no conflict of interest concerning the publishing of this paper," authors should write if there is not one. (SIZE 10)

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