

Concept of Scarcity in the Islamic Economic Perspective

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Abstract: The scarcity of goods and services is seen as a fundamental problem in the economy, as in the conventional economic view. People are required to increase production to cover the scarcity of goods and services. Islam holds the view that the concept of scarcity in conventional economics does not exist because everything created in this world is destined for humans. In the absence of the concept of scarcity in Islam, the economic problem does not lie in the way of overcoming scarcity, but the way of distribution and consumption of wealth or wealth in society. It is this distribution and consumption that is the main problem in the economy, not the production problem to overcome scarcity. The solution to the problem of scarcity is how to distribute a fair and equitable wealth and consumption in the middle.

1 INTRODUCTION

Economics is an activity that aims to fulfill all the needs and wants of humans. To be able to maintain life, humans need food, drink, clothing and protection or in other words primary, secondary and tertiary needs. So as to fulfill all these needs and desires, each individual must carry out economic activities including production, distribution and consumption. But in fulfilling all these needs and desires, they are often faced with an economic problem, namely scarcity. This is based on the behavior of each individual who is never satisfied in the process of meeting needs and desires, starting from the production process, especially in the process of distribution and consumption.

Scarcity is closely related to the process of distribution and consumption. On the one hand, every human being always has a desire to consume that is relatively unlimited in enjoying sharing the types of goods and services that can meet various needs. On the other hand, the resources or factors of production that can be used to produce goods and services are relatively limited. Because human needs are not limited while the means of satisfying needs (goods and services) are limited, there is a scarcity of means of satisfying needs.

Scarcity is an unlimited problem of the needs and desires of people in the world with limited resources, which means that society never has enough

productive resources to meet all the wants and needs of its members, or that not all desires and needs can be fulfilled at the same time so a trade off is made from one item against another and the country must decide what goods and services to buy and which ones to forget. Malthus (1798) states that food supply tends to increase arithmetically while the human population increases geometrically. Malthus's ideas emerged during the European Enlightenment period which explained the birth of secularism. Malthus's appropriate ideological framework tends to leave out religion from its understanding of economic behavior and policy.

For Sadono (2004) scarcity or shortage applies as a result of an imbalance between the needs of society and the factors of production that are available in society or provided by nature. On the one hand, in every community there is always a relatively unlimited desire to enjoy all types of goods and services that can meet their needs. On the other hand, the resources or factors of production that can be used to produce these goods are relatively limited. Therefore the community cannot obtain and enjoy all the items they need or want. They need to make choices.

Dwi Condro (2011) states the scientists' conventional view that humans and society always had a desire to be as a necessity, either in the form of goods or services. In order to meet these needs, the next will be called a problem which will then be

considered as the most fundamental problem in the economy, namely the limited means of fulfilling human needs provided by nature. This view of the problem of scarcity is further strengthened by the fact that human and community needs for goods and services are apparently unlimited. This means that economic scientists see that human needs if they have to be honestly disclosed, will never be endless. Apart from unlimited human needs while the means of satisfying human needs are limited, scarcity is also caused by human growth which is quite large, while production of goods is slow because the factors of production of natural resources are fixed.

Milton H. Spencer (1977) states that capitalism is an economic system characterized by the organization of private property (individual) on the means of production and distribution (land, factories, rail roads, etc.) and their utilization to achieve earnings in very competitive conditions. Whereas according to Brinton (1981) socialism can be interpreted as a form of economy in which the government at least acts as a party trusted by all citizens. In its most complete form socialism involves ownership by the state of all means of production, including agricultural lands, and eliminating private property. In socialist societies the most striking thing is collectivism or a sense of community. To realize this sense of togetherness, the allocation of production and the method of distribution of all economic resources is regulated by the state.

The concept of Islamic economics is different from the economic concept of capitalism, which does not regulate the quantity and quality of the acquisition of assets and their utilization and is oriented towards individualism without regard to the interests of others. It is also different from the economic concept of socialism which regulates both the quantity and quality of assets centered on the government. In Islam, there is no freedom of ownership, but there is no absolute limitation. Islam regulates the method, not the amount of ownership and the way in which ownership is used. The principle in the Islamic system is a fair balance that clearly shows respect for the rights of individuals and society.

Islamic economics provides the basic principle of the distribution of wealth and income so that wealth is not only circulated among the rich. Islam regulates wealth and income distribution for all citizens, not just commodities for the rich. In addition, in order to realize the way of justice, Islam emphasizes the importance of wealth circulating in society through the payment of zakat and infaq, inheritance rules,

wills and grants. Good distribution of wealth will eliminate all socio-economic problems resulting from social and economic inequalities including scarcity. There will be no domination over each other, and each individual will be treated equally and will have many opportunities to be like others.

For Chaudry (2012), the basis of Islam aims to realize happiness (falah) in the world and the hereafter, and to realize brotherhood among the people. This goal cannot be achieved if the distribution of wealth among the community takes place unfairly, the gap between rich and poor is too wide and conflicts between classes occur in society. If the property is sufficient to satisfy one desire then another desire will arise and thus life will be filled with the struggle to fill the endless chain of desire. Such is the desire and fulfillment and it then becomes a stake in the struggle of the human economy.

2 ANALYSIS OF THE CONCEPT OF SCARCITY IN ISLAMIC ECONOMICS

Amir Ahmed (2010) stated that historically, the concept of scarcity has dominated the economy since the mid-twentieth century. Malthus sees scarcity in its absolute sense, while Robbins sees it in a relative sense. The concept of scarcity develops in an era of rising secularism, which excludes the role of religion in human affairs.

For Baqir Ash Shadr (2008) the problem of Islamic economics is not caused by the scarcity of material resources or means of satisfying the needs or limited natural resources. It is true that the source of production is limited, while human needs are very numerous and varied. But that does not mean that the economic problems faced by humans arise from the effects of unlimited human needs.

If all economists consider that scarcity is the main problem faced by humans on earth, the solution they provide is to improve the quality and quantity of production. This will cause a massive increase in production by a country in the macro economy and a lack of concentration on the distribution of crops. The most common assumption is that the welfare of a country is determined by an increase in the production of goods and services as a means to satisfy the needs of society. Lack of concentration on the distribution of wealth will lead to a monopoly of ownership. People who have large capital will gain a lot of wealth or property, whereas

people who have less capital will get a little wealth or property. That way it will create a wealthier community that will get richer and the poor will get poorer.

Islamic economics directs the mechanism of spiritual-based income distribution in the maintenance of social justice in every economic activity. This is due to an imbalance in the distribution of wealth into something that underlies almost all individual and social conflicts. Efforts to achieve human happiness, guide people to apply economic justice that can stop misery on earth. This will be difficult to achieve without confidence in moral principles and discipline in applying moral concepts.

The Islamic economic system is able to benefit all societies because it sees economic problems not from a capitalist point of view that gives individuals freedom and ownership rights and promotes individual efforts, or from a socialist point of view that wants to eliminate all individual rights and make them like economic slaves controlled by the state.

For Qardhawi (1997) income distribution in Islamic economics is based on two very basic and important human values: the value of freedom and the value of justice. This opinion is based on the fact that God as the absolute owner of wealth has given the mandate to humans to regulate and manage wealth with the authority to have wealth. Islamic-based economic systems suggest that in terms of distribution it must be based on two joints, namely the joint of freedom and justice of ownership. Freedom here is freedom in acting in the frame by religious values and justice unlike capitalist understanding which states it as an act of freeing people to act and act without any party interference, but as a balance between individuals and their material and spiritual elements, the balance between individuals and society and between a society and other communities. Justice in the distribution is reflected in the prohibition in the Koran so that property is not allowed to become a commodity that is only circulated among rich people, but is expected to contribute to the welfare of society as a whole.

The Islamic program in prosperity redistribution consists of three parts:

First, as explained earlier, Islamic teachings include providing assistance to unemployed and job seekers so they can get good jobs, and giving fair wages to those who work. Second, Islam emphasizes the payment of zakat for the redistribution of income from the rich to the poor, who because of inability or personal obstacles (physical or mental conditions

that are external, such as lack of employment) are not able to achieve a respectable level of living. Third, the division of inheritance of land/garden from someone who dies, in accordance with a predetermined standard among a number of individuals to intensify and accelerate the distribution of wealth in the community.

However, the concept of Islamic justice in the distribution of income and wealth and its conception of economic justice does not mean demanding that all people receive the same wages, regardless of their contribution to society.

Islam tolerates income inequality to a certain degree, because everyone is not the same in nature, ability and service to society.

Therefore, distributive justice in Islamic societies, after guaranteeing a humane level of living to all its citizens through institutionalization of zakat, permits income differences that correspond to the difference in the value of contributions or services provided, each person receives income commensurate with the social value of the service he gave to the community.

Islamic consumption behavior is different from conventional consumption. Islamic consumption will always pay attention to *maslahat* as the main goal in Islam which leads to the protection of religion, soul, mind, descent and wealth. In Islamic ethics, desire must be limited because human desire will not have limits if it is not limited, while its needs must be met. Every person must personally struggle, work and be responsible for meeting their needs, especially their basic needs. If they are not capable, the state through the leader must be responsible for meeting their needs. This obligation is to meet human needs, and not desires. The standard needs of every human being have the same criteria in Islam which are summarized in the *maqasid al-syar'iyyah*.

The balance of consumption in Islamic economics is based on fairness of distribution. Consumption justice is where a consumer spends his income on material needs and social needs. Material needs are used for the individual life of individuals and families. Social consumption is used for later life in the form of zakat, *infaq*, and *shadaqah*.

The Islamic Economic System, if fully implemented, can prevent excessive accumulation of wealth and also ensure equal distribution of income. The key variable of this system is *ushr/zakat*. There is a visible dampening effect on zakat on accumulation of wealth in addition to reducing income inequality. Eliminating interests is also very important to reduce inequality in income distribution. In addition, detailed inheritance laws

distribute the wealth collected by a person and ensure that wealth is not concentrated in several hands. When all these elements are not put together and implemented as a whole, the expected impact on the distribution of income and wealth will not be realized.

3 CONCLUSIONS

The Islamic economic system does not perceive the scarcity of goods or services as due to the limited natural resources available on this earth. For Allah has created all the earth and its contents for man in the face of his life in the world. Allah created the earth and the heavens and what is between them for man. So, it should not be a human, especially a Muslim, that this nature provides limited natural resources or needs for. The main problem in the Islamic economic system does not lie in production activities to meet the scarcity of goods and services, but lies in the way of distribution of property or wealth either in the form of goods or services in the middle of society.

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