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The Paradigm of Islamic Political Economy as the Basis for Sustainable Development Strategy

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Abstract

Keywords:
Islamic Political
Economy,
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Development
Strategy

Current global sustainable development paradigms remain largely influenced by conventional economic approaches that often overlook ethical and spiritual dimensions. This creates a growing need for alternative frameworks that are more holistic and just. This study aims to explore the paradigm of Islamic political economy as a conceptual foundation for sustainable development strategies. A qualitative literature study with an interpretative approach was employed, analyzing relevant primary and secondary sources. The findings reveal that core principles of Islamic political economy—such as distributive justice, maqasid al-shariah, social responsibility, and amanah—hold significant potential in shaping a more human-centered and sustainable development policy framework. This study contributes to the enrichment of Islamic political economy theory and supports the integration of Islamic values in contemporary development practices. Further empirical research is

recommended to test the application of this paradigm across various policy contexts. the dominant conventional development paradigm today often ignores spiritual and ethical values, thus creating social and ecological inequalities. This study aims to examine the Islamic political economy paradigm as an alternative basis for sustainable development strategies through a qualitative literature study approach. By examining primary and secondary sources, this study identifies five main principles in Islamic political economy that are relevant to sustainable development: monotheism, justice, benefit, balance, and trust. The results of the study show that this paradigm not only provides a normative foundation, but also a more holistic and equitable policy direction. These findings have implications for the development of development theory and policy formulation based on Islamic values.

Abstrak

Kata Kunci:

Ekonomi Politik
Islam, Pembangunan
Berkelanjutan, Nilai-
Nilai Islam, Strategi
Pembangunan

Paradigma pembangunan berkelanjutan global saat ini masih didominasi oleh pendekatan ekonomi konvensional yang kerap mengabaikan dimensi etika dan spiritual. Hal ini menimbulkan kebutuhan yang semakin besar akan kerangka alternatif yang lebih holistik dan berkeadilan. Penelitian ini bertujuan untuk mengkaji paradigma ekonomi politik Islam sebagai fondasi konseptual bagi strategi pembangunan berkelanjutan. Pendekatan kualitatif melalui studi literatur dengan metode interpretatif digunakan dalam menganalisis berbagai sumber primer dan sekunder yang relevan. Temuan penelitian menunjukkan bahwa prinsip-prinsip utama dalam ekonomi politik Islam – seperti keadilan distributif, maqasid al-shariah, tanggung jawab sosial, dan amanah – memiliki potensi besar dalam membentuk kerangka kebijakan pembangunan yang lebih berpusat pada manusia dan berkelanjutan. Penelitian ini memberikan kontribusi pada pengayaan teori ekonomi politik Islam sekaligus mendukung integrasi nilai-nilai Islam dalam praktik pembangunan kontemporer. Penelitian lanjutan secara empiris direkomendasikan untuk menguji penerapan paradigma ini dalam berbagai konteks kebijakan. Paradigma pembangunan konvensional yang dominan saat ini sering kali mengabaikan nilai-nilai spiritual dan etika, sehingga menimbulkan ketimpangan sosial dan ekologis. Penelitian ini bertujuan untuk mengkaji paradigma ekonomi politik Islam sebagai dasar alternatif bagi strategi pembangunan berkelanjutan melalui pendekatan studi literatur kualitatif. Dengan menelaah sumber-sumber primer dan sekunder, studi ini mengidentifikasi lima prinsip utama dalam ekonomi politik Islam yang relevan dengan pembangunan berkelanjutan, yaitu: tauhid, keadilan, kemaslahatan, keseimbangan, dan amanah. Hasil kajian menunjukkan bahwa paradigma ini tidak hanya memberikan landasan normatif, tetapi juga arah kebijakan yang lebih holistik dan berkeadilan. Temuan ini memiliki implikasi terhadap pengembangan teori pembangunan dan perumusan kebijakan berbasis nilai-nilai Islam.

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Introduction

Development in developing countries has become an increasingly long-standing issue in the global context in recent decades. Many developing countries are experiencing significant economic growth, but the challenges are increasingly complex (Ari Asriadi, 2024). Sustainable development has become a key agenda in global discourse, especially in efforts to overcome social inequality, environmental degradation, and economic injustice. However, the dominant development paradigm today is still firmly rooted in conventional economic approaches that are materialistic in nature and tend to ignore the spiritual dimension and ethical values that are essential for holistic human well-being. As a result, the goal of more humane and just development is often not optimally achieved.

In this context, there is an urgent need to explore alternative frameworks that are able to integrate economic, social, and spiritual aspects in a balanced manner. One of the frameworks that offers great potential is the Islamic political economy paradigm. Based on the principles of distributive justice, *maqhasid al-shariah*, social responsibility, and trust, this paradigm offers a more holistic approach to sustainable development, while emphasizing a balance between the interests of individuals, communities, and the environment. This research aims to examine the basic concepts in Islamic political economy as a theoretical foundation for a more equitable and ethical sustainable development strategy. By using qualitative literature study methods and interpretive approaches to various primary and secondary sources, this research is expected to contribute to the enrichment of theories and open up space for the integration of Islamic values in contemporary development practices. In addition, this study also

recommends the need for further empirical studies to test the implementation of this paradigm in various real policy contexts.

Development in developing countries has remained a persistent and multidimensional issue in the global agenda for the past few decades. While many nations in the Global South have recorded notable economic growth, they continue to grapple with increasingly complex challenges—ranging from persistent poverty and social inequality to environmental degradation and institutional fragility (Asriadi, 2024). This complexity reveals that economic indicators alone are insufficient to capture the real progress of development if not accompanied by social justice, ethical governance, and environmental sustainability.

Sustainable development has therefore emerged as a key global discourse aimed at overcoming the limitations of past development paradigms. It emphasizes not only economic prosperity but also social inclusivity and ecological balance. Despite the widespread adoption of the sustainable development goals (SDGs), many countries still struggle to align their national development strategies with ethical and long-term sustainability principles. This misalignment is often due to the continued dominance of conventional development frameworks rooted in materialism, utilitarianism, and growth-centric economic logic, which overlook ethical, spiritual, and moral dimensions essential to human well-being.

Several scholars have criticized the inadequacy of mainstream development theories in addressing the holistic nature of human development. Approaches such as neoliberalism and classical economic theories focus primarily on individual utility, market efficiency, and capital accumulation (Sen, 1999; Sachs, 2015). While these approaches have driven economic expansion, they have often failed to protect vulnerable communities or promote moral responsibility in economic activities. Moreover, the lack of integration between economic and ethical dimensions in public policy continues to widen the gap between economic growth and equitable human progress.

In light of this, there is a growing interest in exploring alternative paradigms that can reconcile material advancement with ethical and spiritual values. One such promising framework is the Islamic political economy paradigm. Rooted in core principles such as *maqasid al-shariah* (objectives of Islamic law), distributive justice, social responsibility (*mas'uliyah ijtimaiyyah*), and trust (*amanah*), this framework advocates for a balanced and morally grounded approach to development. It envisions the economy not as a value-neutral domain, but as a system that must reflect divine justice and human accountability.

Despite the theoretical potential of Islamic political economy, existing research has largely focused on its normative foundations, with limited empirical or conceptual engagement with its application to contemporary development issues. Much of the academic literature either discusses Islamic economics in isolation or fails to link its principles with the broader agenda of sustainable development. This leaves a significant gap in understanding how Islamic political economy can offer concrete strategies and institutional pathways to realize more just and sustainable outcomes.

This study addresses that gap by exploring the Islamic political economy paradigm as a theoretical foundation for sustainable development strategies. It employs a qualitative literature study using an interpretive approach to analyze both classical Islamic texts and contemporary development literature. The goal is to reinterpret key Islamic economic concepts in the context of modern development challenges and assess their relevance for policy innovation.

The novelty of this research lies in its attempt to bridge Islamic ethical values with global sustainable development discourse—an area that is still underexplored in mainstream development studies. By emphasizing the spiritual, moral, and communal dimensions of development, the study aims to contribute to the diversification of theoretical frameworks in development research. Furthermore, it opens up space for dialogue between Islamic thought

and global policy practice, encouraging the construction of development models that are not only effective but also ethically and spiritually inclusive.

Method

The reference tracing method in writing this article is carried out by focusing on the analysis of literature published in a span of one week, literature study is an activity that cannot be separated from A research almost all research requires a literature or literature study. Although people often distinguish between library research and field research, both still require literature search. There are many benefits of a literature study in the process of creating a research paper. One of them is to come up with the latest ideas in research. Because no research is 100% new, there will definitely be a slice of duplication from previous research.

Result and Discussion

Political economy is a collection of theories based on the understanding of the interdependent relationship between economic and political sectors. Economics and politics relate to each other through various ways in the processes of resource allocation, wealth distribution, and stability creation Economics and politics are inseparable the decision-makers (actors) in the economic and political fields depend on each other and both are the main actors of the political economy system. The decisions taken by the actors, and therefore the development and outcomes of the entire system, depend on the rules and institutions that make up its basic framework. Economic behavior, in other words, can be influenced by changing rules and institutions. Such a change is possible only through a social consensus, in a situation where the actors cannot be sure whether their main interests will be met by the change in rules and institutions or not. Political economy emerged in the 18th century driven by dramatic changes in the system of fulfillment of needs, both in terms of the nature and type of needs and in terms of the means of production and distribution of goods and services to meet them. The change is marked by a

shift in the term from "economy" to "political economy". Therefore, the meaning of political economy can be traced from the economic side as well as from the political side.

At any time, development economics, both as a science and policy implementation, is interesting to study. This is inseparable from the function of economic development as a measure of the success of economic activities. This fact is supported by the fact that development economics is a field that encompasses many aspects, including economics, but also political, social, and cultural. In addition, the fundamental economic aspect is very comprehensive. Since the development economy consists of many elements, the evaluation of development success must be carried out from various points of view. Judging by the development of development economic theories and paradigms in the modern era, economic growth (GDP) and per capita income (GDP per capita) are the first and beginning indicators of development. At this time, every country around the world is concentrating on how to increase GDP. However, as time goes by, every country realizes the inequality they face. Inequality in income distribution is an additional problem even though overall GDP is increasing and per capita income is increasing. At the beginning of the development phase, inequality will get worse. Social conflicts can arise as a result of this inequality, which can hinder progress. (Book-Economy-Development-Islam.Pdf, n.d.)

On the one hand, the development of a dynamic development paradigm allows several groups to have different definitions of development. On the contrary, this dynamism is beneficial when considering the many factors that are thought to affect well-being. However, this situation also shows that there needs to be a foundation for the definition of development that should be linked to the achievement of goals. The indicators are different, but the focus object and core value are the same. Development can also be defined as the structural shift of the economy from agriculture to manufacturing and services. This is in line with the continuous value-added paradigm, as manufacturing

and services have been shown to provide greater economic added value than the agriculture and manufacturing sectors. So, according to this perspective, accelerating industrialization, increasing output, and massive growth are the goals of the development strategy. This definition also pays attention to macroeconomic issues such as economic equity, poverty, and unemployment, but is placed as a second priority in development.

In particular, the traditional economic understanding of development is not only wrong, but also incorrect. The new paradigm defines development as a multifaceted process that involves changes in social structures, popular attitudes, and national institutions, followed by economic growth, poverty reduction, and inequality reduction. These development changes must involve the social system as a whole, ensure the fulfillment of basic needs comprehensively, and meet the interests of all social groups and individuals in the system. interesting to learn. This is inseparable from the function of economic development as a measure of the success of economic activities. This fact is supported by the fact that development economics is a field that encompasses many aspects, including economics, but also political, social, and cultural. In addition, the fundamental economic aspect is very comprehensive. Since the development economy consists of many elements, the evaluation of development success must be carried out from various points of view. Judging by the development of development economic theories and paradigms in the modern era, economic growth (GDP) and per capita income (GDP per capita) are the first and beginning indicators of development. At this time, every country around the world is concentrating on how to increase GDP. However, as time goes by, every country realizes the inequality they face. Inequality in income distribution is an additional problem even though overall GDP is increasing and per capita income is increasing. At the beginning of the development phase, inequality will get worse. Social conflicts can arise as a result of this inequality, which can hinder progress. (Buku-Ekonomi-Pembangunan-Islam.Pdf, n.d.)

Scope Of Development Economics

Development economics is a science that is influenced by concepts other than the basics of traditional economics. Maximizing consumer satisfaction, market efficiency, and determining market balance are some of the conventional economic strategies used. This is also the basis for the initial definition of development which was based on output growth. However, the development economics paradigm is being changed in a political economy approach, which focuses on broader things than just physical and material aspects.

Political economy is a domain that influences policymakers in making economic decisions. This allows one to take different economic actions than what traditional economics usually does. Likewise, development, resource allocation and considering other things besides increasing output. The function of political economy includes things like this. Therefore, it can be concluded that, compared to traditional economics, the study of development economics encompasses a broader field of study. (*Buku-Ekonomi-Pembangunan-Islam.Pdf*, n.d.)

Islamic Economics And The Development Economics Paradigm

Islamic economics is an economic behavior or system that is based on the rules set in Islam, especially referring to the main sources of the Qur'an and Al-hadith. Thus, this reference is considered a guide, direction, and guideline in carrying out economic activities. There are four basic principles of Islamic economics: oneness (tauhid), balance (Al-'adl wa Al-ihsan), freedom (ikhtiar), and obligation (fard). Islamic economics combines elements of mainstream economics while maintaining the identity of yangkhas. This merger allows for a comprehensive understanding of economic principles within an Islamic framework that can be understood comprehensively, while maintaining Islamic values.

The involvement of Islamic economics in advancing sustainable development is further strengthened through its concentration on the development of human resources as the main catalyst for the growth of a country. A country can improve its economic well-being and ensure the welfare and empowerment of its population by prioritizing the improvement of human resources in accordance with Islamic principles. This method is in line with the principles of sharia goals, known as maqasid sharia, including the protection of offspring (hifdz an-nasl), soul (hifdz an-nafs), religion (hifdz ad-din), and property (hifdz al-maal). In addition, Islamic economics offers a perspective on the concept of the silk economy, which encourages responsible consumption and production practices to achieve sustainable development goals. (*HADIAT-Hukum+Ekonomi+Islam+"Sebuah+Telaah+Ekonomi+Berkelanjutan+Perspektif++Hukum+Ekonomi+Islam".Pdf*, n.d.)

Oneness (monotheism), Everyone who is a Muslim is required to believe in the oneness of Allah SWT. They must also realize that all the wealth that humans have is the absolute property of Allah SWT. That is, people's ownership of their property is only relative, or they are only given the responsibility to manage and spend their wealth in the way of Allah SWT.

Equilibrium (Al-'Adl wa Al-Ihsan), Allah SWT made man on earth to become rahmatan lil 'alamin (Q.S. al-Ankabut [29]: 51), that is, to provide the greatest benefit to nature. Al-'Adl refers to a reciprocal relationship between people, in which one must act justly and not harm others or oneself. Ihsan refers to the responsibility of individuals and society to pay attention to others. These two components are expected to serve as goals to achieve rahmatan lil 'alamin and have the ability to realize broad social equality and balanced economic growth.

Free will (ikhtiar), Allah SWT created humans with the desire to strive, followed by reason to think. Humans are required to use their reasoning power when making choices based on their own will. This is what makes humans more respected than other creatures on Earth.

Responsibility (fardhu), This axiom explains that humans have a responsibility to Allah SWT, to themselves, and to society. Ultimately, this results in the intention to help fellow human beings because of Allah's love. *(Buku-Ekonomi-Pembangunan-Islam.Pdf, n.d.)*

In this context, experts say that development economics can be defined as research that aims to improve the quality of life of the population in a developing country. This study focuses on addressing important issues such as poverty, unemployment, and efforts to achieve equity. Among developing countries, the implementation of development has resulted in many new models, methods, and patterns that have subsequently become global paradigms for implementing development efforts.

Maximal Growth Paradigm, This paradigm emphasizes the use of technology investment to achieve optimal economic growth. Its main goal is to increase employment, increase productivity, increase production in a more efficient way, and encourage overall economic growth. The tool used to measure and plan growth is Gross National Product (GNP/GDP). According to this paradigm, economic equity is expected as a result of high economic growth (TDE). Nonetheless, countries that adopt this paradigm towards the idea of a trickle down have not achieved their goals. On the contrary, this paradigm actually increases the disparity between rich and poor groups. In other words, this paradigm has the ability to optimize economic growth, but it fails to achieve the desired level of equity. Therefore, not only should increasing productivity be the goal, but also addressing the inequalities caused by groups.

Distribution with Growth Paradigm, The focus of this paradigm is to achieve equitable and balanced economic growth throughout society. This paradigm distinguishes itself from the economic growth paradigm solely because it emphasizes the importance of reducing economic disparities between social groups. The focus is not only on increasing overall GDP, but also on a fair share of growth outcomes for every citizen. This paradigm offers a development approach that not only improves general welfare, but also reduces

economic disparities, addresses poverty, and ensures that economic benefits are felt by all levels of society. Therefore, income distribution and social justice are essential to achieving sustainable economic growth.

Paradigm with a Basic Needs Approach, emphasized that meeting basic human needs is a top priority for economic development. This paradigm says that the economic system must prioritize meeting vital needs such as food, shelter, education, and health. This paradigm aims to achieve the welfare of the community as a whole and improve their standard of living by prioritizing aspects of basic needs. It is an alternative to an approach that focuses solely on economic growth, which looks at the success of development in terms of the ability of people to meet their basic needs.

Paradigm with a Focus on Human Development (Human Development Paradigm)

The Human Development Paradigm is a development approach that puts humans at the center. This paradigm emphasizes that the measurement and assessment of development should actually be based on improving overall human welfare, not just on economic parameters such as the price of gross domestic economic product (GDP). In this situation, the paradigm of human development uses living standards, health, education, and life expectancy as a measure of the progress of a society. Improvements in these elements are considered a measure of development success, with the aim of producing a stronger, self-aware, and overall healthier society. This paradigm describes the role of human beings not only as objects of development that require material welfare, but also as subjects who actively participate in the development process. This paradigm emphasizes the development of human potential, which enables sustainable and inclusive progress at all levels of society.

Sustainable Development Paradigm, This paradigm is a development approach that aims to meet the needs of the current generation without sacrificing the ability of future generations to meet their own needs. This

paradigm emphasizes the importance of striking a balance between economic growth, environmental sustainability, and social justice.

General Public Participation Paradigm, This paradigm is a development approach that emphasizes the active and direct role of the community in the decision-making process and implementation of development projects. This paradigm views the community as a subject who has local knowledge, needs, and aspirations that can make an important contribution to the planning and implementation of development projects.

Self-Reliant Paradigm, The Self-Reliant Development Paradigm, also known as the Self-Reliant Paradigm, is a development approach that emphasizes that a country or community can stand on its own to achieve progress and prosperity. This paradigm emphasizes that an organization can use its own resources and potential without relying too much on external assistance or over-dependence.

Sharia Paradigm, The Sharia paradigm is a development approach that is based on the principles of Islamic law or sharia. This paradigm places sharia values and teachings as the basis for the design and implementation of development policies that include economic, social, and political aspects. The Sharia paradigm in the economic context emphasizes the principles of justice, sustainability, and compliance with Islamic law in every economic transaction. It includes a Sharia financial system that involves the principle of fair profit, the prohibition of interest or usury, and investments that are in accordance with Islamic law. This paradigm encourages Islamic ethical and moral values, such as social justice, equal rights, and social solidarity. In terms of politics, the Sharia paradigm demands the application of Islamic law principles in the administration of the state and the system of government. The importance of this paradigm lies in the belief that the application of Islamic law in all aspects of life can result in a more just, harmonious, and sustainable society. The Sharia paradigm provides guidelines and frameworks for development that are in line

with Islamic values, although its implementation can differ in each country, depending on the interpretation and local context. (Amsari et al., 2024)

Conlussion

The paradigm of Islamic political economy offers a more holistic and just alternative to conventional, materialistic development approaches that often overlook spiritual and ethical dimensions. By emphasizing core principles such as monotheism (tauhid), justice (al-'adl), public benefit (maslahah), balance (mizan), and trust (amanah), this paradigm enables the integration of economic, social, and spiritual aspects in a balanced manner. This study affirms that the Islamic political economy paradigm not only provides a normative foundation but also guides the development of more humane, equitable, and sustainable policy strategies. Therefore, integrating Islamic values into contemporary development theory and practice is highly relevant for building a more inclusive and sustainable society. Further empirical research is recommended to assess the practical application of this paradigm in various policy contexts across different regions.

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