The Islamic Economic System in Responding to Poverty Solutions in Sukoharjo Regency

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Abstract *- The Islamic economic system seeks to solve human economic problems by taking a middle path between the extreme models of capitalism and socialism. Islam seeks to overcome poverty and find a way out of it, while monitoring its possible impacts. Therefore, Islam encourages every individual to achieve a decent standard of living in society. The percentage of poor people in Sukoharjo Regency decreased from 7.61 percent in March 2022 to 7.58 percent in March 2023. This figure is equivalent to the number of poor people in the range of 68.79 thousand people in March 2023, an increase of about 70 people in the last year, from 68.72 thousand people in March 2022. Solutions to poverty alleviation in Sukoharjo Regency include: 1) Encouraging economic growth that benefits the wider community (pro-poor growth), 2) Encouraging the creation of a state budget that favors the interests of the people (pro-poor budgeting), 3) Promoting infrastructure development that benefits the wider community (pro-poor infrastructure), 4) Promoting the provision of basic public services that favor the wider community (pro-poor public services), and 5) Promoting equitable policies and income distribution that favor the poor (pro-poor income distribution..*

Keywords*: Islamic Economic System, Poverty, Poverty Solutions.*

I. INTRODUCTION

Islam is a perfect religion. Islam regulates all aspects of human life and existence. Islam also explains and provides solutions to all of life's problems, whether in matters of faith, worship, morals, ethics, social relations, family life, neighborly relations, politics, leadership, poverty alleviation, and others. Islam seeks to overcome poverty and find ways out of it, while monitoring its possible impacts. The goal is to safeguard faith, morals, and deeds; maintain family life; and protect the stability and tranquility of society, in addition to realizing a spirit of brotherhood among fellow Muslims. Therefore, Islam encourages every individual to achieve a decent standard of living in society.

Islamic economics is the study of human behavior in fulfilling their needs with the aim of achieving falah (peace and worldly and spiritual well-being). Human behavior here relates to the foundations of Sharia as a reference for behavior and the tendencies of human nature. In Islamic economics, these two aspects interact in their respective proportions to form a unique economic mechanism based on divine values.

When viewed from its objectives, at first glance there is no difference between Islamic economics and other economic systems, namely to seek to fulfill various human needs, whether personal or collective. The same applies to its principles and motives, whereby every individual or community strives to obtain the maximum results with the least amount of effort or cost in the shortest possible time. However, Islamic economics is fundamentally different from other economic systems in terms of its objectives, form, and characteristics. This system seeks to solve human economic problems by taking a middle path between the extreme models of capitalism and socialism. In short, Islamic economics is an economic system based on the Qur'an and Hadith that aims to fulfill human needs in this world and the hereafter.

The Islamic economic system is implemented with the aim of preventing Muslims from engaging in economic activities that are prohibited by Islamic law, such as usury, injustice, hoarding, and so on. This economic system is said to have been implemented since the 20th century, but in fact, the principles of Islamic economics have been established since Islam emerged in the world. In Indonesia today, although the Islamic economic system is not fully adopted, a number of banking companies have provided facilities that adhere to the Islamic economic system. These facilities that apply Islamic economics provide options for people who want to use banking facilities, but still in accordance with the norms of Islamic teachings.

Poverty or destitution is a fact, which, regardless of the perspective or angle from which it is viewed, should be understood in accordance with reality. Unfortunately, Western capitalist civilization, the bearer of the capitalist economic system, has different perceptions or facts about poverty. They consider poverty to be the inability to meet one's needs for goods or services absolutely. Because needs develop in line with the development and advancement of goods or services, they consider that efforts to meet those needs for goods and services also undergo development and differences.

This differs from the Islamic view, which sees the fact of poverty or destitution as the same issue, whether in Europe, the US, or Islamic countries. In fact, poverty is essentially the same in any era. Therefore, the mechanisms and methods for solving the problem of poverty in the Islamic view remain the same; the laws are fixed, unchanging, and do not differ from one country to another.

Islam views poverty as a reality faced by all of humanity, whether Muslim or non-Muslim. Islam views the problem of poverty as a problem of not being able to fully meet basic needs. Islamic law has determined that these basic needs (which concern human existence) consist of three things, namely clothing, food, and shelter.

Sukoharjo Regency is one of the regencies located in Central Java Province. Poverty in Sukoharjo Regency cannot be separated from the people living in rural areas, because pockets of poverty are more prevalent in rural areas than in urban or suburban areas. The Islamic economic system to address poverty in Sukoharjo Regency is to implement several strategies or solutions to alleviate poverty.

One of the strategies or solutions for poverty alleviation in Islam is to encourage wealthy people to give qard, infaq, and waqf. To give qard, infaq, and waqf, it is necessary to develop a generous nature. Efforts and endeavors to emulate and follow the example of Al Barr are very important, as can be found in Surah Al Baqarah (2) verses 261-262: "The parable (of those who spend their wealth in the way of Allah) is like a grain of corn which grows seven ears, each ear having a hundred grains. Allah multiplies (the reward) for whom He wills. And Allah is All-Encompassing (in His bounty) and All-Knowing." “Those who spend their wealth in the way of Allah, then do not follow up what they have spent with reminders of their generosity or with harm (to the recipient), they will have their reward with their Lord. No fear shall be upon them, nor shall they grieve.”

Islamic Poverty Alleviation Strategies have various principles related to public policy that can be used as guidelines for poverty alleviation programs and job creation.

II. METHODOLOGY

The method used in this article is qualitative technique. Qualitative research is research that uses methods, steps, and procedures that involve data and information obtained from respondents as subjects who can express their own answers and feelings to obtain a holistic overview of the subject being studied. The data collected was obtained from literature sources, including books, articles, and existing realities. Observation techniques were also used.

III. RESULT AND DISCUSSION

Islamic Economic System The Islamic economic system is also known as the Sharia economic system. The Islamic economic system is an economic system based on sharia or the norms taught in Islam. Therefore, all economic activities are based on the Quran and Hadith. Its economic activities are actually the same as other economic systems, such as buying and selling, saving and borrowing, and other economic activities, but what distinguishes is its guidelines, where this economic system strictly adheres to Islamic sharia.

The Islamic economic system was implemented with the aim of preventing Muslims from engaging in economic activities prohibited by Islamic law, such as usury, injustice, hoarding, and so on. This economic system is said to have been implemented since the 20th century, but in fact, the principles of Islamic economics have been established since Islam emerged in the world.

Although Indonesia does not fully adhere to an Islamic economic system, a number of banking companies have provided facilities that adhere to Islamic economic principles. These facilities provide options for people who want to use banking facilities while still adhering to norms that are in accordance with Islamic teachings.

The Islamic economic system is actually relatively new compared to other economic systems that have been implemented in Western countries. This economic system is an alternative to other economic systems. The following are the advantages of the Islamic economic system:

1. Emphasizes Morality and Ethics
   Because it is based on Islamic law, the Islamic economic system prioritizes morals and ethics for Muslims in conducting economic activities. Thus, there are norms that regulate economic activities such as buying and selling so that they do not become wrong in the eyes of Islam. Therefore, our ethics in the eyes of Islam will be good if we follow these norms.
2. Decision Making is Free
   This means that Islam will give its followers the freedom to make various decisions that are, of course, still based on Islamic values. This freedom will maximize a person's actions in making decisions regarding economic activities without coercion from anyone.
3. The Principle of Justice in the Disitribution Process
   Justice is one of the principles applied in the Islamic economic system. Therefore, Islam will impose restrictions so that the distribution process remains fair and equitable, thereby preventing social inequality.
4. Secure Income System

This means that the income system in Islamic economics is based on activities that generate profits. This is because the goal of the Islamic economic system is to eliminate the interest system in order to avoid usury

5. Providing Sosial Security
   Islamic economics provides social security to the community by granting rights to resources, such as wealth controlled by the state.

The Islamic economic system has become an increasingly hot topic of debate, especially in the context of poverty alleviation in developing countries. With its focus on the principles of social justice and wealth redistribution, Islamic economics offers a unique framework for addressing persistent poverty issues. Through the application of the concepts of zakat, infaq, and waqf, the Islamic economic system creates mechanisms that encourage a more equitable distribution of economic resources, providing direct benefits to the poor.

However, although the Islamic economic system offers potential solutions to poverty, its implementation often faces various challenges. Among these is a lack of public awareness of the importance of financial institutions that adhere to sharia principles.

Therefore, it is important for developing countries, including Indonesia, especially cities in Indonesia, to adopt policies that promote awareness of Islamic economic concepts and support the establishment of transparent and trustworthy Islamic financial institutions. In this way, the Islamic economic system can be implemented effectively, producing a significant positive impact on poverty alleviation and improving the welfare of people in developing countries.

Poverty According to the Islamic Perspective According to the language, poor comes from Arabic, which actually means extreme poverty. Allah SWT uses this term in His words: "...or the poor who are extremely poor" (QS al-Balad [90]: 16). The word poor comes from the Arabic word al-faqru, which means to be in need (al-ihtiyaaj). Allah SWT says: "...then he prayed, 'O my Lord, I am in dire need of any good that You may bestow upon me' (QS al-Qashash [28]:24).

Poverty or destitution is a fact that, regardless of the perspective from which it is viewed, should be understood in accordance with reality. Unfortunately, Western capitalist civilization, the bearer of the capitalist economic system, has different perceptions or facts about poverty. They consider poverty to be the inability to meet one's needs for goods or services absolutely. Because needs develop in line with the development and advancement of goods or services, they consider that efforts to meet those needs for goods and services also undergo development and differences.

As a result, the standard of poverty in the eyes of capitalists has no fixed boundaries. In the US or Western European countries, for example, someone who cannot meet their secondary needs is considered poor. At the same time, in Iraq, Sudan, Bangladesh, for example, someone who cannot meet their secondary needs is not classified as poor or destitute. These differences even though the reality of poverty is the same everywhere will affect the mechanisms and methods used to solve the problem of poverty.

This differs from the Islamic view, which sees the fact of poverty or destitution as the same issue, whether in Europe, the US, or Islamic countries. In fact, poverty is essentially the same in any era. Therefore, the mechanisms and methods for solving the problem of poverty in Islam remain the same; the laws are fixed, unchanging, and do not differ from one country to another. Islam views poverty as a fact faced by all of humanity, whether Muslim or non-Muslim.

Islam views poverty as a problem of not being able to fully meet basic needs. Islamic law has determined that basic needs (those related to human existence) consist of three things, namely clothing, food, and shelter. Allah SWT says: "The duty of the father is to provide food and clothing to mothers in a reasonable manner" (QS al-Baqarah [2]:233) "Place them (wives) where you live, according to your means" (QS ath-Thalaaq [65]:6) The Prophet Muhammad SAW said, "Remember that their right over you is that you treat them well in (providing) clothing and food" (HR Ibnu Majah).

From the above verses and hadith, it can be understood that three things (namely clothing, food, and shelter) are classified as basic (primary) needs, which are closely related to the survival and dignity of human beings. If these basic (primary) needs are not met, it can result in the destruction or decline (of the existence) of humanity. Therefore, Islam considers poverty to be a threat commonly instilled by Satan, as Allah SWT says: "Satan promises (scares) you with poverty" (QS al-Baqarah [2]:268).

If Islamic poverty measures are compared with other measures, there are striking differences. Poverty measures in Islam have a much higher value than other measures. This is because poverty measures in Islam cover three aspects of fulfilling basic human needs, namely food, clothing, and shelter. Other measures generally focus only on the fulfillment of food needs.

There are many different opinions regarding the causes of poverty. However, broadly speaking, there are three main causes of poverty, including:

1. First, natural poverty, which is poverty caused by a person's natural condition; for example, mental or physical disabilities, old age that prevents them from working, and so on.
2. Second, cultural poverty, which is poverty caused by low human resource quality due to certain cultural factors; for example, laziness, unproductivity, dependence on inherited wealth, and so on.
3. Third, structural poverty, which is poverty caused by flaws in the system used by the state to manage the affairs of the people.

Of these three main causes, the most significant is structural poverty. This is because the impact of poverty can be very widespread in society. This type of poverty is prevalent in many countries today, not only in developing countries ( ) but also in developed countries. It will also have an impact on cities in Indonesia, including Sukoharjo Regency.

From an Islamic perspective, poverty arises due to various structural causes:

1. First, poverty arises because of human crimes against nature (QS Ar Ruum [30]:41) "Corruption has appeared on land and sea because of what the hands of men have wrought, that Allah may make them taste a part of that which they have done, so that they may return (to the right path)." Thus, it is humans themselves who then feel the impact (QS Asy Syura [42]:30). "And whatever misfortune befalls you is because of what your hands have earned, and Allah forgives most of your sins."
2. Second, poverty arises from the indifference and stinginess of the wealthy (QS Ali Imran [3]: 180) "Let not those who are stingy with the wealth that Allah has given them from His bounty think that their stinginess is good for them. In fact, stinginess is bad for them. The wealth they are stingy with will be hung around their necks on the Day of Judgment. And to Allah belongs all inheritance (that exists) in the heavens and the earth. And Allah knows what you do" (QS Al Ma'aarij [70]:18) "And gathering (wealth) and hoarding it" so that the poor cannot escape the cycle of poverty.
3. Third, poverty arises because some people are unjust, exploitative, and oppressive towards others, such as consuming the wealth of others through unlawful means (QS At Taubah [9]:34). "O you who believe, indeed, most of the scholars of the Jews and the monks of the Christians consume the wealth of people unjustly and hinder them from the way of Allah. And those who hoard gold and silver and do not spend it in the way of Allah, then inform them (that they will receive) a painful punishment" consuming the wealth of orphans (QS An Nisaa '[4]: 2, 6, 10).

Poverty in Central Java Province

Central Java is one of the national growth centers, but the poverty rate is still above the national average. Several obstacles to poverty alleviation in Central Java include**:**

1. Policies that do not yet include a comprehensive design.
2. Government-oriented, partial in nature.
3. As well as income and development disparities.

The poverty alleviation budget is still concentrated on reducing the expenditure burden of the poor, while the allocation for increasing the income of the poor is still limited. Another problem is the accuracy and validation of poverty data, which can lead to misdirected assistance.

The poverty rate in March 2023 was recorded at 10.77 percent or 3.79 million people, down 0.21 percentage points from September 2022. Compared to March 2022, poverty fell by 0.16 percentage points.

The poverty line in March 2023 was Rp 477,580 per capita per month. Compared to September 2022, the poverty line rose by 2.73 percent. Meanwhile, compared to March 2023, there was an increase of 8.83 percent.

During the period from September 2022 to March 2023, the Poverty Depth Index (P1) decreased, as did the Poverty Severity Index (P2). The Poverty Depth Index in March 2023 was 1.749, down from 1.753 in September 2022. Meanwhile, the Poverty Severity Index (P2) in the same period decreased from 0.422 to 0.415.

Level of Income Inequality among Central Java Residents in March 2023

In March 2023, the level of inequality among the population of Central Java, as measured by the Gini Ratio, increased slightly compared to September 2022, from 0.366 to 0.369, or an increase of 0.003 points. However, when compared to the Gini Ratio in March 2022, which was 0.374, there was a decrease of 0.005 points.

In addition to the Gini Ratio, another measure of inequality that is often used is the World Bank's measure of inequality. Based on the World Bank's measure of inequality, in March 2023, the expenditure distribution of the bottom 40 percent was recorded at 18.74 percent. This shows that the expenditure of the population of Central Java in March 2023 was in the low inequality category.

Poverty in Sukoharjo Regency, According to Statistics Indonesia, there are 14 criteria for determining poor families or households, such as building size, type of flooring, walls, toilet facilities, lighting sources, drinking water sources, type of fuel used for cooking, frequency of consuming meat, milk and chicken, frequency of buying clothes in a year, frequency of eating every day, ability to seek medical treatment, size of agricultural land, education level of the head of the family, and savings or easily sold items with a minimum value of Rp. 500,000, such as ownership of a motorcycle, whether purchased on credit or not, gold, livestock, and so on. If at least 9 variables are met, the household is categorized as poor or not prosperous.

1. The percentage of poor people in Sukoharjo Regency decreased from 7.61 percent in March 2022 to 7.58 percent in March 2023. This figure is equivalent to the number of poor people in , which was around 68,790 people in March 2023, an increase of around 70 people in the last year, from 68,720 people in March 2022.

2. In March 2023, the Poverty Line (GK) for Sukoharjo Regency totaled Rp. 476,675 per capita per month, an increase of 9.75 percent compared to the 2022 Poverty Line.
3. Poverty Depth (P1) and Poverty Severity Index (P2) experienced a slight increase. P1 rose from 0.87 in 2022 to 1.17 in March 2023, and P2 rose from 0.14 in 2022 to 0.31 in March 2023. This indicates that the average expenditure of the poor tends to move further away from the poverty line and the level of expenditure inequality among the poor is widening,

Poverty	Poverty in Sukoharjo Regency		
	2021	2022	2023
Poor Population (000 people)	73.84	68.72	68.79
Percentage of Poor Population (P0)	8.23	7.61	7.58
Poverty Depth (P1)	0.91	0.87	1.17
Poverty Severity (P2)	0.21	0.14	0.31
Poverty Line (Rp/capita/Month)	410,273.00	434,318.00	476,675.00

Source: Sukoharjo Regency BPS Data 2021-2023

The Sukoharjo Regency Government is determined to bid farewell to extreme poverty in its region by 2024. This is in line with the wishes of the Secretariat of the Cabinet of Indonesian President Joko Widodo (Jokowi), who has asked local governments to reduce extreme poverty to 0 percent by 2024. President Joko Widodo (Jokowi) also explained that in 2022, extreme poverty in Indonesia still stood at 2 percent, with 14 provinces above the national average. Sukoharjo itself recorded only 0.36 percent extreme poverty, the second-lowest rate in Central Java Province.

Solutions to Poverty in Sukoharjo Regency Islamic Poverty Alleviation Solutions Islam has various principles related to public policy that can be used as guidelines for poverty solutions in Sukoharjo Regency as well as job creation, namely:

First, Islam encourages economic growth that benefits society at large (pro-poor growth). Islam achieves pro-poor growth through two main channels: prohibiting usury and encouraging real sector activities. Prohibiting usury effectively controls inflation, thereby maintaining people's purchasing power and creating economic stability. At the same time, Islam directs capital towards productive economic activities through economic and business cooperation such as mudharabah, muara'ah, and musaqat. Thus, harmony between the real and monetary sectors is created so that economic growth can take place in a sustainable manne.

Second, Islam encourages the creation of a state budget that favors the interests of the people (pro-poor budgeting). In Islamic history, there are three main principles in achieving pro-poor budgeting, namely: strict fiscal discipline, good governance, and the use of the state budget entirely for the public interest. There has never been a budget deficit in Islamic governments, even when spending pressures were very high, except once during the reign of the Prophet Muhammad due to war. What is encouraged more is efficiency and budget savings through *good governance.* In Islam, the state budget is public property, so the budget is very responsive to the interests of the poor.

Third, Islam encourages infrastructure development that provides broad benefits to society (*pro-poor infrastructure*). Islam encourages infrastructure development that has positive externalities in order to increase economic capacity and efficiency. The Prophet Muhammad SAW distributed land in Medina to the community to build housing, establish public baths in the corners of the city, build markets, expand the road network, and pay attention to postal services.

Fourth, Islam encourages the provision of basic public services that favor the wider community (*pro-poor public services*). There are three areas of public service that Islam pays serious attention to: bureaucracy, education, and health. In Islam, bureaucracy is a mandate to serve the public, not for personal or group interests.

Fifth, Islam encourages policies of equity and income distribution that favor the poor (*pro-poor income distribution*). There are three main instruments in Islam related to income distribution, namely land ownership rules, the application of zakat, and the encouragement of qardul hasan, infaq, and waqf. Islam stipulates that anyone who cultivates uncultivated land becomes the owner of that land. And for anyone who neglects their land, the state has the right to take it and give it to others who are ready to cultivate it. With the implementation of zakat, there will be no concentration of wealth in a certain group of people. Zakat also ensures that everyone receives a minimum livelihood guarantee, thereby providing an opportunity to escape poverty ( ). Furthermore, to ensure that wealth does not circulate solely among the wealthy, Islam strongly encourages the wealthy to provide qard, infak, and wakaf.

One of the poverty alleviation efforts that can be implemented in Sukoharjo Regency in accordance with Islamic principles is to encourage wealthy individuals to give qard, infaq, and waqf. In order to give qard, infaq, and waqf, it is necessary to cultivate a charitable nature.

IV. CONCLUSION

Islam views poverty as a problem of unmet basic needs. Islamic law has determined that basic needs (those related to human existence) consist of three things, namely clothing, food, and shelter.

Islamic poverty alleviation solutions have various principles related to public policy that can be used as guidelines for poverty alleviation programs and job creation that can be implemented in Sukoharjo Regency, namely:

1. Promoting economic growth that benefits the wider community (*pro-poor growth*).
2. Promoting the creation of a state budget that favors the interests of the people (*pro-poor budgeting*).
3. Promoting infrastructure development that benefits the wider community (*pro-poor infrastructure*).
4. Promoting the provision of basic public services that favor the wider community (*pro-poor public services*).
5. Promoting equitable policies and income distribution that favor the poor (*pro-poor income distribution*).

One of the poverty alleviation efforts that can be implemented in Sukoharjo Regency in accordance with Islamic teachings is to encourage wealthy individuals to give qard, infaq, and waqf. In order to give qard, infaq, and waqf, it is necessary to cultivate a charitable nature.

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