

Al-Maqrizi's Inflation Concepts and Proof for the East Java Inflation Case 2015-2020

Abdul Latif Rizqon

University of Darussalam Gontor, Indonesia
Email: latifrizqon@unida.gontor.ac.id

Teguh Eka Prasetya

University of Darussalam Gontor, Indonesia
Email: teguhekaprasetya@unida.gontor.ac.id

Mahendra Utama Cahya Ramadhan

(Corresponding Author)

Istanbul Sabahattin Zaim University, Turkey
Email: ramadhan.mahendra@std.izu.edu.tr

Shofiyatul Habibah

University of Darussalam Gontor, Indonesia
Email: shofishofiyaa@mhs.unida.gontor.ac.id

Abstract

The standard of individual and collective life in a nation state has become economic life, and inflation is one of present economic problems, particularly in monetary matters. When compared to other provinces in the Java region, East Java had the highest inflation rate. The purpose of this research is to discuss the thinking on inflation in East Java from 2015 to 2020 from Taqiyuddin Abul Abbas Al-Husaini's from Maqorizah, Cairo, or more commonly known as Al-Maqrizi. This research is library research. The method used is a descriptive and inductive analysis method, in which thought is analyzed using data and the role of Al-Maqrizi's thinking on inflation is examined. The analysis indicate that the circulation of money, the existence of state debt, exchange rates, production costs, excessive taxes, corruption, collusion and nepotism, increased currency circulation, and increased demand were the causes of inflation in East Java. This is exactly what Al-Maqrizi says in several parts of his book, which clearly says that inflation is generally divided into two types, natural inflation and human error inflation. Al-Maqrizi's views on inflation in East Java advocated for the government to use the central bank to control the money supply or interest rates as a tool for price control. Furthermore, the central bank is required to control the exchange rate of the domestic currency. Based on this analysis, the researcher advises the East Java government to take precedence an economic step, namely Islamic philanthropy. This

Islamic social financial instrument is a component that can provide assistance to economically disadvantaged communities in the short to long term.

Keywords: *Al-Maqrizi; Inflation; East Java; Monetary*

Abstrak

Standar kehidupan individu dan kolektif dalam suatu negara telah menjadi bagian dari kehidupan ekonomi, dan inflasi merupakan salah satu masalah ekonomi saat ini, terutama dalam masalah moneter. Jika dibandingkan dengan provinsi lain di wilayah Jawa, Jawa Timur memiliki tingkat inflasi yang paling tinggi. Tujuan dari penelitian ini adalah untuk membahas pemikiran tentang inflasi di Jawa Timur dari tahun 2015 hingga 2020 dari Taqiyuddin Abul Abbas Al-Husaini dari Maqorizah, Kairo, atau yang lebih dikenal dengan Al-Maqrizi. Penelitian ini merupakan penelitian kepustakaan. Metode yang digunakan adalah metode analisis deskriptif dan induktif, di mana pemikiran dianalisis dengan menggunakan data dan mengkaji peran pemikiran Al-Maqrizi terhadap inflasi. Hasil analisis menunjukkan bahwa peredaran uang, adanya utang negara, nilai tukar, biaya produksi, pajak yang berlebihan, korupsi, kolusi dan nepotisme, peredaran uang yang meningkat, dan permintaan yang meningkat menjadi penyebab inflasi di Jawa Timur. Hal ini persis seperti yang dikatakan Al-Maqrizi dalam beberapa bagian bukunya, yang secara gamblang menyebutkan bahwa inflasi secara umum terbagi menjadi dua jenis, inflasi alamiah dan inflasi kesalahan manusia. Pandangan Al-Maqrizi tentang inflasi di Jawa Timur menganjurkan agar pemerintah menggunakan bank sentral untuk mengendalikan jumlah uang beredar atau suku bunga sebagai alat pengendalian harga. Selanjutnya, bank sentral diharuskan untuk mengontrol nilai tukar mata uang domestik. Berdasarkan analisis tersebut, peneliti menyarankan kepada pemerintah Jawa Timur untuk mengutamakan langkah ekonomi yaitu filantropi Islam. Instrumen keuangan sosial Islam ini merupakan komponen yang dapat memberikan bantuan kepada masyarakat yang kurang mampu secara ekonomi dalam jangka pendek hingga jangka panjang.

Kata Kunci: *Al-Maqrizi; Inflasi; Jawa Timur; Moneter*

Introduction

The standard of individual and collective life in a nation state has become economic life. The level of economic progress of a country determines its advantage. The definition of success becomes increasingly materialistic. As a result, economics becomes extremely important in the life of a nation.¹ Today's economic

¹Akhmad Mujahidin, *Ekonomi Islam: Sejarah Konsep, Instrumen, Negara, Pasar* (Jakarta: PT Raja Grafindo Persada, 2013), 6.

problems, which economics is unable to interpret clearly and precisely, and provide appropriate solutions to prevent negative consequences, include the problem of inflation. Even Western economists have publicly acknowledged to this inability.

According to Maurice Allais, the biggest problem confronting the Western market economy that has yet to be resolved is economic turmoil and changes in the original price value of the currency. The facts demonstrate that the injustice felt by society stems from changes and differences in the form of income resulting from changes in the currency's original price value.^{2 3}

Because national inflation is a weighted average of regional inflation in Indonesia, it is necessary to study regional inflation behavior, including looking for causes and understanding the implications for controlling regional inflation, with a focus on the province of East Java. East Java province was chosen because it had the highest inflation rate in the Java region when compared to other provinces.⁴ Despite a downward trend, East Java has the highest inflation weight among the provinces. This high level of inflation suggests that the time it will take for inflation to return to its average level is still quite long.

Islam had a significant economic period from the 11th to the 15th centuries AD, which is known as the "*brilliant period*" because it left a wealth of intellectual heritage. During this time, many people were motivated by a variety of issues, most notably the economic situation of the Islamic community, which was prosperous at the time Al-Mawardi, Ibn Taimiyyah, and Al Maqrizi are among the great thinkers whose works have been used as references until now.⁵ The

²Maurice Allais, "Les Conditions Monétaires D'une Économie De Marchés: Des Enseignements Du Passé Aux Réformes De Demain," *Revue D'économie Politique* 103, no. 3 (1993): 317–67, <https://www.jstor.org/stable/24699393>.

³Arnaud Diemer, "The Contribution of Maurice Allais to Contemporary Macroeconomics: From French Planning to National Accounting," *Theoretical Economics Letters* 10, no. 2 (2020): 334–55, <https://doi.org/10.4236/tel.2020.102023>.

⁴Syahrizal Sidik, "Emas Perhiasan, Penyumbang Terbesar Inflasi 2019!," CNBC Indonesia, 2020, <https://www.cnbcindonesia.com/news/20200102182924-4-127206/emas-perhiasan-penyumbang-terbesar-inflasi-2019>.

⁵Adel Allouche, *Mamluk Economics: A Study and Translation of Al-Maqrizi's Ighathah* (Salt Lake City: University of Utah Press, 1994), 4–7.

last name clarifies the concepts of wages, labor, and inflation.

According to Al-Maqrizi, there are two types of inflation, natural and artificial. Natural inflation is caused by natural causes, such as too much money coming in from abroad, famine, war, or exports and imports in East Java. Errors made by humans inflation is inflation caused by human problems, such as corruption and poor administration.⁶ Monetary policy is one method of controlling inflation in Islam. Monetary policy is defined as the monetary authorities coordinated plans and actions to maintain monetary balance, stabilize the value of money, and encourage smooth production and development.⁷

The situation in East Java can be viewed through data from the Central Statistics Agency (BPS) of East Java, which will release the previous month's inflation figures every month. This month, we discover the same thing. BPS released inflation figures for August 2020 on Saturday (1/10/2020). Throughout August 2020, BPS reported that East Java experienced monthly inflation of 0,4% (Month on Month/MoM), with three CPI cities experiencing inflation and five experiencing deflation. Surabaya had the highest inflation rate, at 0,07%, followed by Sumenep at 0,03% and Kediri at 0,02%. Jember experienced 0,11% deflation, Probolinggo experienced 0,07% deflation, Malang experienced 0,06% deflation, Madiun experienced 0,02% deflation, and Banyuwangi experienced 0,01% deflation. If overall inflation in 2019 is 0,53%, it will be lower than in 2018, and 2020 will be the lowest since 2010 or the previous ten years.⁸ Various studies and research on Al-Maqrizi's economic thought on inflation conducted by various parties have generally been more concerned with aspects of human error inflation on the concept of inflation and analysis of Al-Maqrizi's concept of inflation. This research will explain how Al-Maqrizi's concept affects inflationary conditions in East Java.

⁶Adiwarman A. Karim, *Sejarah Pemikiran Ekonomi Islam* (Jakarta: PT Raja Grafindo Persada, 2004), 41.

⁷Mariam El Hamiani Khatat, "Monetary Policy in the Presence of Islamic Banking," 72 (Washington, D.C., 2016), 5–10, <https://www.imf.org/en/Publications/WP/Issues/2016/12/31/Monetary-Policy-in-the-Presence-of-Islamic-Banking-43812>.

⁸BPS, "Inflasi," BPS Provinsi Jawa Timur, 2022, <https://jatim.bps.go.id/subject/3/inflasi.html#subjekViewTab3>.

Methodology

This research used qualitative, descriptive, library methodology,⁹^{10 11} that is trying to describe and analyze in depth based on the library data obtained.¹² This research is more of a follow up research to complement things that may not have been discussed in previous research,¹³ especially regarding the concepts and thoughts of Al-Maqrizi. Based on this method, the data collection used the documentation method.^{14 15} The data obtained is then processed by editing and organizing the data, then analyzed by the deduction method.^{16 17} The analysis process is carried out continuously from start to finish. The analysis process in question includes data

⁹Devid Frastiawan Amir Sup, "Amdal Dalam Tinjauan Maqasid Al-Syari'ah," in *Proceeding International Conference on Usul Fiqh* (Ponorogo: UNIDA Gontor Press, 2019), 63, <http://hes.unida.gontor.ac.id/wp-content/uploads/2020/06/Proceeding-ICUF-2019-Universitas-Darussalam-Gontor.pdf>.

¹⁰Daud Sukoco et al., "Sharia Economic Views on Tabzir Behavior," *Al-Iktisab: Journal of Islamic Economic Law* 5, no. 2 (2021): 150, <https://doi.org/10.21111/al-iktisab.v5i2.7032>.

¹¹Selamet Hartanto and Devid Frastiawan Amir Sup, "The Concept of Production and Environment in the Perspective of Islamic Economic," *Journal of Economic Studies* 5, no. 2 (2022): 1, <https://doi.org/10.32506/joes.v5i2.705>.

¹²Nurizal Ismail, Siti Aisyah, and Devid Frastiawan Amir Sup, "Faktor Penentu Harga Dalam Tinjauan Pemikiran Ekonomi Islam," *Islamic Economics Journal* 6, no. 2 (2020): 211, <https://doi.org/10.21111/iej.v6i2.4880>.

¹³Devid Frastiawan Amir Sup, Selamet Hartanto, and Rokhmat Muttaqin, "Konsep Terminasi Akad Dalam Hukum Islam," *Ijtihad: Jurnal Hukum Dan Ekonomi Islam* 14, no. 2 (2020): 137–52, <https://doi.org/10.21111/ijtihad.v14i2.4684>.

¹⁴Devid Frastiawan Amir Sup, "The State's Efforts in Preserving the Environment Through Regulation," *Sustainability: Theory, Practice and Policy* 1, no. 2 (2021): 200–214.

¹⁵Fadhila Sukur Indra, Devid Frastiawan Amir Sup, and Sahira Sajjadia Luthia, "The Application of Al-Wakalah Bil Ujrah Contract on PRULink Syariah Generasi Baru (Approached with Fatwa DSN-MUI No: 52/DSN-MUI/III/2006)," in *Proceeding 9th AICIF 2021 (Asean Universities International Conference on Islamic Finance)* (Yogyakarta: UIN Sunan Kalijaga, 2021), 21, <http://febi.uin-suka.ac.id/web/agenda/download/834/asean-universities-international-conference-on-islamic-finance-aicif-2021>.

¹⁶Devid Frastiawan Amir Sup, "Wakaf Kontemporer Di Indonesia Dalam Perspektif Hukum Dan Fatwa," *Jurnal Hukum Ekonomi Syariah* 4, no. 2 (2021): 235–56, <https://doi.org/10.30595/jhes.v4i2.11093>.

¹⁷May Shinta Retnowati, Faridl Noor Hilal, and Devid Frastiawan Amir Sup, "Unpaid Plastic Bag Discount Analysis Based on Islamic Law Perspective (Case Study on Waralaba Retail X in Ponorogo)," in *INSLA E-Proceedings* (Bandar Baru Nilai: Universiti Sains Islam Malaysia, 2020), 149, <https://insla.usim.edu.my/index.php/e proceeding/article/view/28>.

interpretation, language translation, word editing, and compiling them in a logical systematic way, so that the resulting description can become a complete concept building that is easy to understand.^{18 19}

Results and Discussion

Taqi Al-Din Abu Al-Abbas Ahmad bin Ali bin Abdul Qadir Al-Husaini bin Muhammad Al-Maqrizi (1364–1442) was an Egyptian Arab historian known as Al-Maqrizi or Makrizi who was born in Cairo in 766 H. His ancestors are from Maqarizah, a village in the town of Ba'labak.²⁰ For this reason, Al-Maqrizi became famous for his *nasab*. Al-Maqrizi's grandfather Sheikh Muhyiddin Abu Muhammed Abdul Qadir bin Muhammad bin Abraham went to Cairo several times, but did not stay in Egypt and died in Damascus in 733 H (1332). His father, Alaeddin Ali bin Abdul Qadir later came to Cairo and settled here and lived in Cairo until he died in 779 H (1377-1378). Al-Maqrizi's family belonged to the *mazhab* Hanbali, at least from his grandfather.²¹ Because Abdul Qadir bin Muhammad was considered one of the great scholars of this *mazhab*, as well as one of the famous Hanbali *fiqh*. After Abdul Qadir's son Ali immigrated to Egypt and settled in Cairo, he served in many duties related to *Dîvânü't-tevkî*, *Dîvân-ı İnşâ*, and accounting works. Al-Maqrizi's father, who was a Syafi'i, married Esmâ, the daughter of the Hanafi scholar, Kazasker, and professor Ibn Al-Saigh Ez-Zumurrudi, in 765 H (1364). Ibn Khaldun, a great man and the originator of the social sciences, including economics, was one of the famous figures who greatly influenced his thinking.²² His interaction with Ibn Khaldun

¹⁸Devid Frastiawan Amir Sup, "Government Efforts to Prevent Potential Violence Against Women During the Covid-19 Pandemic in Indonesia," *Syariah: Jurnal Hukum Dan Pemikiran* 21, no. 1 (2021): 103–24, <https://doi.org/10.18592/sjhp.v21i2.4146>.

¹⁹Devid Frastiawan Amir Sup, "Tinjauan Maslahah Terhadap Amdal" (IAIN Ponorogo, 2018), 15, <http://etheses.iainponorogo.ac.id/4794/1/212116013> - DEVID FRASTIAWAN AMIR SUP.pdf.

²⁰Dewan Redaksi Ensiklopedia Islam, *Suplemen Ensiklopedia Islam Jilid 2* (Jakarta: PT Ichtiar Baru Van Hoeve, 1999), 2.

²¹Eymen Fuâd Seyyid, "Makrîzî," TDV İslâm Ansiklopedisi, 2003, <https://islamansiklopedisi.org.tr/Makrizi>.

²²Hammad bin Abdurrahman Al-Janidal, *Manahij Al-Bahitsin Fi Al-Iqtishad Al-Islamy Juz 2* (Riyadh: Syirkah Al-Ubaikan li Al-thaba'ah wa Al-Nasyr, 1985), 208.

began when Abu Al-Iqtishad settled in Cairo about two years,²³ and became chief justice (*Qadi Al-Qudah*) of the *mazhab* Maliki during Sultan Barquq's reign (786-801 H).²⁴ Al-Maqrizi began to have a lot of contact with various market, trade, and *mudharabah* issues around this time, so his attention was focused on current prices, the origin of money, and the rules of the scales.²⁵

Al-Maqrizi is an Islamic economist who conducted a special study on money and inflation. The focus of Al-Maqrizi's attention on two aspects which during the reign of the Prophet and Khulafa Al-Rasyidin did not cause this problem, appears to be motivated by the increasing number of deviations from Islamic values, particularly in these two aspects, which were carried out by the heads of the Umayyah government and later.²⁶ This situation inspired Al-Maqrizi to present his various views on the causes of the crisis in his work *Ighatsah Al-Ummah bi Kasyf Al-Ghummah*.²⁷

Armed with sufficient experience as a *muhtasib* (market regulatory), Al-Maqrizi discusses inflation and the role of money in it, an amazing discussion at the time because it correlated two things that Muslim and Western thinkers rarely did. In his work, Al-Maqrizi seeks to demonstrate that the inflation that occurred between 806 H and 808 H was distinct from previous periods of Egyptian history.²⁸ Thus, it can be said that Al-Maqrizi was the last medieval Muslim scholar to notice the problem and link it to inflationary events that occurred in a country.²⁹

Al-Maqrizi stated, after presenting various facts about the Egyptian famine, that inflation is a natural phenomenon that has afflicted the lives of people all over the world since ancient times

²³Syarifah Siregar and T. Masri, "Teori Inflasi Menurut Al-Maqrizi," *Mudharabah: Jurnal Perbankan Syariah* 2, no. 1 (2019): 63, <https://jurnal.staitapaktuan.ac.id/index.php/mudharabah/article/view/116>.

²⁴Zainab Al-Khudhairi, *Filsafat Sejarah Ibn Khaldun* (Bandung: Pustaka, 1995), 16.

²⁵Al-Janidal, *Manahij Al-Bahitsin Fi Al-Iqtishad Al-Islamy* Juz 2, 210.

²⁶Adiwarman A. Karim, *Ekonomi Islam: Suatu Kajian Kontemporer* (Jakarta: Gema Insani, 2001), 67.

²⁷Allouche, *Mamluk Economics: A Study and Translation of Al-Maqrizi's Ighathah*, 9.

²⁸*Ibid.*, 11.

²⁹Abdul Azim Islahi, *Economic Concepts of Ibn Taimiyah* (Leicester: The Islamic Foundation, 1988), 19.

until now. Inflation, he claims, occurs when prices in general rise and continue to rise indefinitely. At the moment, the supply of goods and services is in short supply, forcing consumers to spend more money for the same number of goods and services.³⁰ Al-Maqrizi goes into considerable detail about inflation in the following description. He classified inflation into two types based on the factors that cause it, inflation caused by natural factors and inflation caused by human error.³¹

Natural inflation, this inflation is primarily caused by natural events that humans cannot control. According to Al-Maqrizi, when a natural disaster strikes, many commodities and other agricultural items become rare as a result of crop failures, resulting in a dramatic reduction in supply and a scarcity. The demand for these commodities, on the other side, has soared due to their importance in life. Prices skyrocketed, greatly outstripping the average person's purchasing ability. This has ramifications for the price of a variety of other goods and services. As a result, economic transactions have slowed or halted, resulting in starvation, disease outbreaks, and death among the population. The people were forced to exert pressure on the administration to pay immediate attention to their deteriorating status as a result of the deteriorating scenario. To deal with the disaster, the government spent a considerable amount of money, causing the state treasury to plummet. On the other side, the government had a budget imbalance, and the state became politically, economically, and socially unstable, ultimately leading to the government's collapse.³² Drought (limited supply of goods) or conflict caused the occasion that occurred during the Prophet Muhammad's and Khulafa Al-Rasyidin's periods.

Human error inflation, when it comes to human error, Al-Maqrizi believes that there are three main causes of inflation, corruption and poor management, high taxes, and increase circulation of fiat currency.³³ Human error inflation is defined as inflation that

³⁰Taqiyyuddin Abi Al-'Abas Ahmad bin 'Ali Al-Maqrizi, *Ighātsatul Ummah Bikasyfil Ghummah* (El-Haram: 'Ainul Madrasat wal Buhuts Al-Insaniyah wal Ijtima'iyah, 2007), 30.

³¹Karim, *Sejarah Pemikiran Ekonomi Islam*, 424.

³²Al-Maqrizi, *Ighātsatul Ummah Bikasyfil Ghummah*, 27–49.

³³Taqiyyuddin Abi Al-'Abas Ahmad bin 'Ali Al-Maqrizi, *Kitab Al-Suluk* (Egypt:

is caused by human errors. Human error inflation can be classified into the following categories based on their causes.³⁴

First, corruption and poor administration. Al-Maqrizi argued that appointing government officials based on bribes rather than their abilities would result in the appointment of those who lack credibility in significant and respected posts in the legislative, judicial, and executive branches.³⁵ They are willing to pawn all of their belongings in order to obtain the desired position and meet their daily requirements as officials. As a result, government officials were no longer immune to the court's meddling and intrigues. They were not only taken away from time to time, but their assets were also seized and they were even executed. This, in turn, has a significant impact on the civil and military administrations' morale and efficiency.³⁶ Because producers must increase the selling price of their product to compensate the costs they have already paid, corruption raises the price level. Convoluted licensing bureaucracy, where obtaining a licence requires going through many authorities, will almost surely increase producers' production costs and lead to price rises. The government must eliminate corruption and overhaul the bureaucracy.³⁷ Once in power, these officials began to abuse their positions to further their own personal interests, both in terms of meeting their financial commitments and enjoying life's luxuries. They rationalize sharing methods in order to amass as much riches as feasible. The widespread unfairness perpetrated by these officials has exacerbated the people's situation, forcing them to flee their homes and jobs. As a result, the fall in tax revenues and state revenues is strongly linked to production results.³⁸

Second, excessive taxes. According to Al-Maqrizi, state spending has risen dramatically as a result of the domination of corrupt officials in government. In exchange, they impose a tax system that oppresses

Dar Al-Kutub Press, 1972), 1016.

³⁴Adiwarman A. Karim, *Ekonomi Makro Islam* (Jakarta: PT Raja Grafindo Persada, 2007), 143.

³⁵Al-Maqrizi, *Ighātsatul Ummah Bikasyfil Ghummah*, 52–53.

³⁶Adam Sabra, *Poverty and Charity in Medieval Islam: Mamluk Egypt, 1250–1517* (Cambridge: Cambridge University Press, 2000), 151.

³⁷*Ibid.*, 53.

³⁸Al-Maqrizi, *Ighātsatul Ummah Bikasyfil Ghummah*, 53.

the people by imposing new taxes and raising existing ones.³⁹ This has a significant impact on the farmers, who make up the majority of society. Landowners who wished to shift the tax burden on to the peasants through land rentals at all times. Officials and landowners increased and escalated their pressure on farmers as a result of the good tax returns. As the frequency of taxes for dam maintenance and other comparable projects rises, so do the costs of cultivating land, sowing seeds, harvesting crops, and so on. To put it another way, the rice harvest produced under these conditions necessitates a higher cost that is out of reach for the farmers.⁴⁰ As a result, farmers lose interest in working and producing. They would sooner abandon their homes and occupations than live in constant agony for the rest of their lives and become nomadic in the hinterlands. As a result, there will be a decline in the number of workers and an increase in vacant land, both of which will have a significant impact on rice and other agricultural product output, resulting in food shortages and rising costs.⁴¹ Excessive taxation will have the same effect on the economy as corruption and poor administration, resulting in a contraction in the downward aggregate supply curve. Excessive taxes, on the other side, result in efficiency or dead weight loss.⁴² This includes issues in Indonesia's economy, particularly since the implementation of regional autonomy, in which each region has its own policy for exploring sectors that can be used as objects to increase regional original income.

Third, increased circulation of fiat currency. According to Al-Maqrizi, excessive money printing will clearly lead to an increase in the price level. According to him, an increase in commodity prices is measured in full or nominal *dirham*, whereas when measured in silver *dirham*, the prices of these commodities rarely increase, implying that there is no real price increase and so, money should be printed only at the minimum amount required for buying and selling transactions, and in small denominations so that it does not

³⁹*Ibid.*

⁴⁰Karim, *Sejarah Pemikiran Ekonomi Islam*, 50.

⁴¹Al-Maqrizi, *Ighātsatul Ummah Bikasyfil Ghummah*, 54.

⁴²Karim, *Ekonomi Makro Islam*, 144.

pile up.⁴³ When there is a budget deficit as a result of bad conduct by officials who misuse state funds for personal and group interests, the government eventually prints money on a large scale. According to Al-Maqrizi, these activities are expanding at a time when the government's desire to make huge profits from low cost currency printing is becoming increasingly uncontrollable. They issued edicts requiring people to use the currency as rulers. The amount of money owned by the general public is increasing, and its circulation has increased so dramatically that foreign currency has become the dominant currency.⁴⁴ According to Al-Maqrizi, the government's policy has implications for the existence of other currencies. Along with the enormous profits made from printing money, the government discontinued the printing of silver as currency. In fact, as a result of the official lifestyle, a number of *dirham* owned by the community were melted down and turned into jewelry. As a result, the *dirham* became scarce and eventually went out of circulation. Meanwhile, the *dinar* currency is still in circulation, despite the fact that only a few people own it. In this case, *fulus* is the standard value for certain goods and services. According to Al-Maqrizi, the large scale printing of money had a significant impact on the currency's precipitous decline in value.⁴⁵

In his work, *Ighatsat Al-Ummah bi Kassf Al-Gummah* (Helps the Ummah by Healing the Causes of its Crisis), Al-Maqrizi or Taqi Al-Din Abu aAl-Abbas Ahmad bin Ali bin Abdul Qadir Al-Husaini bin Muhammad divides inflation into two categories, human error and natural inflation. Natural inflation is inflation produced by a drop in aggregate supply or an increase in aggregate demand, and inflation induced by human errors is inflation generated by natural causes.⁴⁶

The ignorant Arabs used gold *dinar* and silver *dirham* as currency, which were adopted from Rome and Persia, respectively, and weighed twice as much in Islam, according to Al-Maqrizi. Following the arrival of Islam, the Prophet Saw. created several *muamalah* activities using the two currencies, even linking them to the *zakat* on property law.

⁴³Karim, *Sejarah Pemikiran Ekonomi Islam*, 373.

⁴⁴Al-Maqrizi, *Ighātsatul Ummah Bikasyfil Ghummah*, 71.

⁴⁵*Ibid.*, 72.

⁴⁶*Ibid.*, 137.

The use of these two currencies remained unchanged until the reign of Caliph Umar ibn Al-Khattab in 18 H. According to Al-Maqrizi, the chaos in Egypt's socioeconomic phenomenon began when the Mamluks' influence in the court grew stronger, including the policy of printing mixed *dirham*. The printing of fiat money, or copper currency, began during the reign of Sultan Muhammad Al-Kamil ibn Al-Adil Al-Ayyubi of the Ayyubid dynasty.⁴⁷

Al-Maqrizi's analysis supports the assertion that a country's wealth is determined not by the amount of money in the country, but by the level of production and a positive balance of payments. A country can print as much money as it wants, but if it does not reflect rapid growth in the production sector, the abundant money has no value. This perspective demonstrates that the pattern of international trade had become the primary topic of discussion among scholars at the time. Countries that have exported demonstrate the ability to produce more than their domestic needs while also demonstrating that the country is more efficient in production. Because of his growing interest in monitoring economic history and attempting to explain some economic wisdom, Al-Maqrizi has become one of the most prominent economic thinkers.⁴⁸ Al-Maqrizi is concerned with the following issues: (1) The market in terms of its type, history, and location at the time; (2) Corruption, administration, and the economy that have characterized several stages of the Islamic state's history; (3) The state's general budget, as well as the method of preparation and the system that spans time and country; (4) Money and the various stages it has gone through, as well as various monetary policies; (5) The pre crusade economic system that dominated the Mediterranean; (6) Tax price correlation (tax returns, i.e. returns to final consumers); (7) Pints and scales (he dedicated a special book to it).⁴⁹

Inflation in the first type of socioeconomic phenomenon occurred during the Prophet's and Khulafa Al-Rasyidin's time, namely as a result of drought and unemployment.⁵⁰ Meanwhile, according to Al-Maqrizi, the second type of inflation is the same as

⁴⁷Karim, *Sejarah Pemikiran Ekonomi Islam*, 421.

⁴⁸*Ibid.*, 34.

⁴⁹*Ibid.*, 32.

⁵⁰Karim, *Ekonomi Makro Islam*, 143.

the underlying causes of Egypt's crisis, namely corruption and poor government administration, excessive taxes that burden farmers, and excessive circulation of fiat currency. According to Al-Maqrizi, the study of the impact of inflation on socioeconomic phenomena by dividing Egyptian society into seven social strata groups. With this division, it appears that Al-Maqrizi is attempting to determine which segment of society is the most severely affected by the insane inflation.

Controlling the inflation rate, for example, can be accomplished by identifying the source of the problem and implementing a good and non corrupt administrative system, taking into account the tax capabilities of the people, and adjusting the printing of limited amounts of money in accordance with a country's level of production. This is Al-Maqrizi's invention, which scientists have most likely never attempted before. At the time, the strata and classifications of society included: (1) The ruler and his advisers; (2) Rulers, big traders, and wealthy people; (3) The middle class of rulers and big traders, including professionals; (4) Farmers who live in rural areas in general; (5) According to Al-Maqrizi, the poor are all jurists, students, and soldiers; (6) Fishermen and manual laborers; (7) The poor and the beggars.⁵¹

After categorizing Egyptian society into seven groups, Al-Maqrizi went through each one, emphasizing the intensity of his pain, and suffering as a result of the hyperinflation. The first group has a higher nominal income, but their purchasing power has decreased dramatically due to a sharp drop in real income due to inflation. Inflation does not have a significant impact on this group. According to Al-Maqrizi, the second group consists of traders and big rulers, whose assets have decreased as a result of rising costs and inflation. The third group, professionals, receive nominally higher wages, but their standard of living remains unchanged due to rising prices. When it came to the fourth group's impact, Al-Maqrizi divided it into two categories, upper middle farmers and lower middle farmers. The first group benefited from the monetary crisis, which increased their wealth assets. Meanwhile, the second group was severely disadvantaged because the price was so high that it did not correspond to the value of their agricultural products. The

⁵¹Al-Maqrizi, *Kitab Al-Suluk*, 324.

fifth group, which includes teachers, jurists, students, and soldiers, suffers the most from the first five groups. This, he claims, is due to the fact that their income in the form of salaries and wages is fixed. The sixth and seventh groups are the members of society who not only suffer the most, but also starve to death.⁵²

Inflation is the general and continuous tendency to raise the prices of goods and services, in other words, inflation is the percentage increase in the price of a number of goods and services that are commonly consumed by households. Inflation occurs in every region, including East Java province, as shown in the graph below, which depicts the movement of inflation in East Java over the last five years, from January 2015 to December 2020.

Table 1. Inflation Movement in East Java

Month	Monthly Inflation (by percent)					
	2020	2019	2018	2017	2016	2015
January	0.50	0.34	0.60	1.52	0.65	0.20
February	0.31	-0.18	0.16	0.25	-0.10	-0.52
March	-0.01	0.16	0.06	-0.09	0.04	0.31
April	-0.12	0.41	0.18	0.29	-0.25	0.39
May	0.18	0.29	0.17	0.48	0.14	0.41
June	0.28	0.13	0.42	0.49	0.60	0.45
July	-0.29	0.16	0.07	0.15	0.76	0.51
August	0.04	0.12	0.11	-0.25	-0.05	0.36
September	-0.15	-0.07	-0.01	0.19	0.16	0.24
October	-0.02	-	0.19	0.02	-0.14	-0.19
November	0.26	-	0.27	0.23	0.33	0.06
December	0.46	0.53	0.60	0.71	0.56	0.85

Source: Central Bureau of Statistics of East Java

⁵²*Ibid.*

If we look at the inflation rate in the table from 2015 to 2020, we can see that inflation in Indonesia is classified as light because it is less than 10% per year. Changes in people's consumption patterns in response to the Covid-19 pandemic influence the inflation risk in East Java 2020. In terms of commodities, gold jewelry commodities had the highest inflation risk (High Risk) from 2018 to 2020.⁵³ Meanwhile, in the Medium Risk category, broiler eggs, purebred chicken meat, red chilies, air transportation, shallots, rice, cayenne pepper, gasoline, and education (college or university) costs are the largest inflation contributors and the frequency that frequently affects inflation in East Java.⁵⁴

The formula to suppress inflation, according to Khofifah Indah Parawansa, includes optimizing the role of Regional Owned Enterprises (BUMD) in food, monitoring price disparities between regions and the phenomenon of food inflation in areas near food production centers, maximizing the format of planting, picking, processing, packing, selling. Including interactions between regional heads.⁵⁵

In general, we can conclude that the causes of inflation in East Java: (1) Money circulation affects the price of goods and services produced and sold. Too much money circulates, causing economic imbalance, the level of consumption rises, reducing the number of products and services sold, and gradually, product prices rise and experience inflation; (2) The existence of state debt, which occurs in a country where more and more taxes must be paid, along with additional interest that must be repaid; (3) Exchange rate, the money exchange rate is the cause of inflation, which causes the prices of all basic commodities to rise and the rupiah to fall; (4) Because the production costs of goods and services, as well as raw materials for a product, have increased, business owners have increased the

⁵³Kanalsatu, "TPID Jatim: Inflasi Tetap Terkendali Sampai Akhir Tahun," Kanalsatu, 2020, <https://kanalsatu.com/id/post/55296/tpid-jatim---inflasi-tetap-terkendali-sampai-akhir-tahun>.

⁵⁴*Ibid.*

⁵⁵Kominfo Jatim, "Kendalikan Inflasi, Gubernur Jatim Minta TPID Lakukan Sinergitas Lintas Sektor," Kominfo Jatim, 2020, <https://kominfo.jatimprov.go.id/read/umum/kendalikan-inflasi-gubernur-jatim-minta-tpid-lakukan-sinergitas-lintas-sektor>.

selling price of their products; (5) Demand in East Java is said to be very high, owing to the community's high consumption of clothing, food, and housing.

Bank Indonesia considers inflation to be a monetary phenomenon because it results from a decline in the value of the monetary unit relative to a commodity. In dealing with the inflation that occurred during the Al-Maqrizi period in the middle ages, the solution is Islamic monetary policy where instruments exist. Al-Maqrizi discusses the inflation theory, which is caused by natural and human error factors and is then implemented in Islamic monetary policy, with the goal of being able to answer the inflation theory if the solution to these problems can be solved by Islamic monetary policy. The efforts of the government and Bank Indonesia have agreed on three strategic steps to keep inflation in 2019 in the 2,5-4,5 percent range (year on year/yoy). The first strategic step, the government and Bank Indonesia will keep inflation in the food category with volatile foods in the range of 4-5 percent range. To control volatile foods inflation in the 4-5 percent range, the government and Bank Indonesia formulated four main policies (4K) namely price affordability, supply availability, smooth distribution, and effective communication.⁵⁶

In Islamic economic politics, inflation control is primarily achieved by avoiding the use of instruments based on usury (interest), such as *gharar*, *maysir*, and *zhulum*. In Indonesia, three parties are in charge of inflation control, *first*, the monetary authority, namely Bank Indonesia, as the recipient of the act's mandate. *Second*, the government, specifically various ministries coordinated by the minister of economy, as well as local governments. *Third*, society as a whole, as economic actors. When we examine the phenomenon of extremely high inflation (hyperinflation) in various parts of the world, we find that Al-Maqrizi already had a mature concept that could explain the occasion.

The Southeast Asia region's experience with the 1997-1998 monetary crisis and inflation. In Indonesia, for example, several

⁵⁶Iping Supingah, "Tiga Langkah Strategis Pemerintah-BI Jaga Inflasi," Suara Surabaya, 2019, <https://www.suarasurabaya.net/ekonomibisnis/2019/Tiga-Langkah-Strategis-Pemerintah-BI-Jaga-Inflasi/>.

economists concluded after conducting an analysis that some of the causes of the crisis are a crisis of trust in the government due to the practice of Corruption Collusion Nepotism (KKN), inconsistent policies implemented by the Indonesian government, the unfavorable influence of economic globalization, as well as long droughts and food insecurity in several areas such as Jayawijaya (Irian Jaya), Donggala (South Sulawesi), Grobogan, and Boyolali.⁵⁷ This is consistent with Al-Maqrizi's concept of natural inflation and human error inflation. Not to mention the experience in other countries and regions that have experienced economic crises, which demonstrated the suitability of Al-Maqrizi's concept with the facts on the ground. It's a very clear, precise, and in depth observation.

If we relate it to the global monetary crisis, we can see that the existing conventional monetary economy as it is today will only cause a monetary crisis, because one of the main causes of the modern monetary crisis is the issue of interest, which is the instrument of monetary policy. Al-Maqrizi proposes a natural monetary system in which *dinar* and *dirham* are used in economic transactions.⁵⁸ What Al-Maqrizi wants to say is that the country's dire economic situation can be reversed without the need for drastic measures that frequently harm the community's interests and reduce overall well being. In conclusion, mistakes in economic regulation, as well as the government's lack of legitimacy, are not to blame for the suffering of the poor during famines and other natural disasters.⁵⁹ This research acknowledges Al-Maqrizi's leadership in dealing with his subject and the economic crisis. He provides a systematic research effort from an Islamic perspective in his research. According to him, Islam has sufficient tools to deal with the effects of the economic crisis as well as sufficient means to prevent it. The thoughts of Al-Maqrizi can also be used as a reference by the East Java government in order to avoid imitating the government's behavior during the Al-Maqrizi period,

⁵⁷Diro Aritonang, *Runtuhnya Rezim Daripada Soeharto* (Bandung: Pustaka Hidayah, 1999), 67.

⁵⁸Al-Maqrizi, *Ighātsatul Ummah Bikasyfil Ghummah*, 137.

⁵⁹Mustafa Edwin Nasution, *Pengenalan Ekstusif Ekonomi Islam* (Jakarta: Kencana Prenada Media Group, 2007), 284.

namely seeking profit from currency printing.⁶⁰

Conclusion

The researcher draws conclusions after conducting in depth observations and investigations into Al-Maqrizi's thought about inflation and how they affect in East Java. Natural inflation and human error inflation cause the occurrence of monetary problems, one of which is inflation. Al-Maqrizi proved to be very understanding and observant, particularly in financial matters. This shows that compared to the data obtained by researchers in relation to what occurred in East Java. The findings revealed that an increase in currency circulation, the presence of state debt, a declining exchange rate, the amount of production costs, excessive taxes, Corruption Collusion Nepotism (KKN), and increased demand were the causes of inflation in East Java. And if this continues, it will have a negative impact, particularly on the East Java economy. The government, through the central bank, must be present to control the money supply and interest rates as an instrument for price control. Furthermore, the central bank is required to maintain control over the domestic currency's exchange rate. This is because the value of a currency can be internal (reflected by the inflation rate) or external (reflected by the exchange rate), and the inflation targeting pattern is currently widely used by central banks all over the world, including Bank Indonesia. When there is an increase or decrease in commodity prices with high persistence values, the East Java government and Bank Indonesia are more vigilant through the provincial inflation control policy. In order to overcome money problems, the government must implement monetary policy, which involves regulating the money supply and interest rates.

⁶⁰Ankasha Arif and Malik Shahzad Shabbir, "Common Currency for Islamic Countries: Is It Viable?," *Transnational Corporations Review* 11, no. 3 (2019): 230, <https://doi.org/10.1080/19186444.2019.1657330>.

References

- Al-Janidal, Hammad bin Abdurrahman. *Manahij Al-Bahitsin Fi Al-Iqtishad Al-Islamy Juz 2*. Riyadh: Syirkah Al-Ubaikan li Al-thaba'ah wa Al-Nasyr, 1985.
- Al-Khudhairi, Zainab. *Filsafat Sejarah Ibn Khaldun*. Bandung: Pustaka, 1995.
- Al-Maqrizi, Taqiyyuddin Abi Al-'Abas Ahmad bin 'Ali. *Ighātsatul Ummah Bikasyfil Ghummah*. El-Haram: 'Ainul Madrasat wal Buhuts Al-Insaniyah wal Ijtima'iyah, 2007.
- . *Kitab Al-Suluk*. Egypt: Dar Al-Kutub Press, 1972.
- Allais, Maurice. "Les Conditions Monétaires D'une Économie De Marchés: Des Enseignements Du Passé Aux Réformes De Demain." *Revue D'économie Politique* 103, no. 3 (1993): 317–67. <https://www.jstor.org/stable/24699393>.
- Allouche, Adel. *Mamluk Economics: A Study and Translation of Al-Maqrizi's Ighathah*. Salt Lake City: University of Utah Press, 1994.
- Arif, Ankasha, and Malik Shahzad Shabbir. "Common Currency for Islamic Countries: Is It Viable?" *Transnational Corporations Review* 11, no. 3 (2019): 222–34. <https://doi.org/10.1080/19186444.2019.1657330>.
- Aritonang, Diro. *Runtuhnya Rezim Daripada Soeharto*. Bandung: Pustaka Hidayah, 1999.
- BPS. "Inflasi." BPS Provinsi Jawa Timur, 2022. <https://jatim.bps.go.id/subject/3/inflasi.html#subjekViewTab3>.
- Diemer, Arnaud. "The Contribution of Maurice Allais to Contemporary Macroeconomics: From French Planning to National Accounting." *Theoretical Economics Letters* 10, no. 2 (2020): 334–55. <https://doi.org/10.4236/tel.2020.102023>.
- Hartanto, Selamet, and Devid Frastiawan Amir Sup. "The Concept of Production and Environment in the Perspective of Islamic Economic." *Journal of Economic Studies* 5, no. 2 (2022): 1–20. <https://doi.org/10.32506/joes.v5i2.705>.

- Indra, Fadhila Sukur, Devid Frastiawan Amir Sup, and Sahira Sajjadia Luthia. "The Application of Al-Wakalah Bil Ujrah Contract on PRULink Syariah Generasi Baru (Approached with Fatwa DSN-MUI No: 52/DSN-MUI/III/2006)." In *Proceeding 9th AICIF 2021 (Asean Universities International Conference on Islamic Finance)*, 1–208. Yogyakarta: UIN Sunan Kalijaga, 2021. <http://febi.uin-suka.ac.id/web/agenda/download/834/asean-universities-international-conference-on-islamic-finance-aicif-2021>.
- Islahi, Abdul Azim. *Economic Concepts of Ibn Taimiyah*. Leicester: The Islamic Foundation, 1988.
- Islam, Dewan Redaksi Ensiklopedia. *Suplemen Ensiklopedia Islam Jilid 2*. Jakarta: PT Ichtisar Baru Van Hoeve, 1999.
- Ismail, Nurizal, Siti Aisyah, and Devid Frastiawan Amir Sup. "Faktor Penentu Harga Dalam Tinjauan Pemikiran Ekonomi Islam." *Islamic Economics Journal* 6, no. 2 (2020): 207–28. <https://doi.org/10.21111/iej.v6i2.4880>.
- Jatim, Kominfo. "Kendalikan Inflasi, Gubernur Jatim Minta TPID Lakukan Sinergitas Lintas Sektor." Kominfo Jatim, 2020. <https://kominfo.jatimprov.go.id/read/umum/kendalikan-inflasi-gubernur-jatim-minta-tpid-lakukan-sinergitas-lintas-sektor>.
- Kanalsatu. "TPID Jatim: Inflasi Tetap Terkendali Sampai Akhir Tahun." Kanalsatu, 2020. <https://kanalsatu.com/id/post/55296/tpid-jatim---inflasi-tetap-terkendali-sampai-akhir-tahun>.
- Karim, Adiwarmanto A. *Ekonomi Islam: Suatu Kajian Kontemporer*. Jakarta: Gema Insani, 2001.
- . *Ekonomi Makro Islam*. Jakarta: PT Raja Grafindo Persada, 2007.
- . *Sejarah Pemikiran Ekonomi Islam*. Jakarta: PT Raja Grafindo Persada, 2004.
- Khatat, Mariam El Hamiani. "Monetary Policy in the Presence of Islamic Banking." 72. Washington, D.C., 2016. <https://www.imf.org/en/Publications/WP/Issues/2016/12/31/Monetary-Policy-in-the-Presence-of-Islamic-Banking-43812>.

- Mujahidin, Akhmad. *Ekonomi Islam: Sejarah Konsep, Instrumen, Negara, Pasar*. Jakarta: PT Raja Grafindo Persada, 2013.
- Nasution, Mustafa Edwin. *Pengenalan Eksklusif Ekonomi Islam*. Jakarta: Kencana Prenada Media Group, 2007.
- Retnowati, May Shinta, Faridl Noor Hilal, and Devid Frastiawan Amir Sup. "Unpaid Plastic Bag Discount Analysis Based on Islamic Law Perspective (Case Study on Waralaba Retail X in Ponorogo)." In *INSLA E-Proceedings*, 147–54. Bandar Baru Nilai: Universiti Sains Islam Malaysia, 2020. <https://insla.usim.edu.my/index.php/e proceeding/article/view/28>.
- Sabra, Adam. *Poverty and Charity in Medieval Islam: Mamluk Egypt, 1250–1517*. Cambridge: Cambridge University Press, 2000.
- Seyyid, Eymen Fuâd. "Makrîzî." TDV İslâm Ansiklopedisi, 2003. <https://islamansiklopedisi.org.tr/Makrizi>.
- Sidik, Syahrizal. "Emas Perhiasan, Penyumbang Terbesar Inflasi 2019!" CNBC Indonesia, 2020. <https://www.cnbcindonesia.com/news/20200102182924-4-127206/emas-perhiasan-penyumbang-terbesar-inflasi-2019>.
- Siregar, Syarifah, and T. Masri. "Teori Inflasi Menurut Al-Maqrizi." *Mudharabah: Jurnal Perbankan Syariah* 2, no. 1 (2019): 60–67. <https://jurnal.staitapaktuan.ac.id/index.php/mudharabah/article/view/116>.
- Sukoco, Daud, May Shinta Retnowati, Azidni Rofiqqa, Muhammad Irkham Firdaus, and Devid Frastiawan Amir Sup. "Sharia Economic Views on Tabzir Behavior." *Al-Iktisab: Journal of Islamic Economic Law* 5, no. 2 (2021): 148–58. <https://doi.org/10.21111/al-iktisab.v5i2.7032>.
- Sup, Devid Frastiawan Amir. "Amdal Dalam Tinjauan Maqasid Al-Syari'ah." In *Proceeding International Conference on Usul Fiqh*, 1–41. Ponorogo: UNIDA Gontor Press, 2019. <http://hes.unida.gontor.ac.id/wp-content/uploads/2020/06/Proceeding-ICUF-2019-Universitas-Darussalam-Gontor.pdf>.
- _____. "Government Efforts to Prevent Potential Violence Against

Women During the Covid-19 Pandemic in Indonesia." *Syariah: Jurnal Hukum Dan Pemikiran* 21, no. 1 (2021): 103–24. <https://doi.org/10.18592/sjhp.v21i2.4146>.

_____. "The State's Efforts in Preserving the Environment Through Regulation." *Sustainability: Theory, Practice and Policy* 1, no. 2 (2021): 200–214.

_____. "Tinjauan Masalah Terhadap Amdal." IAIN Ponorogo, 2018. <http://etheses.iainponorogo.ac.id/4794/1/212116013> - DEVID FRASTIAWAN AMIR SUP.pdf.

_____. "Wakaf Kontemporer Di Indonesia Dalam Perspektif Hukum Dan Fatwa." *Jurnal Hukum Ekonomi Syariah* 4, no. 2 (2021): 235–56. <https://doi.org/10.30595/jhes.v4i2.11093>.

Sup, Devid Frastiawan Amir, Selamat Hartanto, and Rokhmat Muttaqin. "Konsep Terminasi Akad Dalam Hukum Islam." *Ijtihad: Jurnal Hukum Dan Ekonomi Islam* 14, no. 2 (2020): 137–52. <https://doi.org/10.21111/ijtihad.v14i2.4684>.

Supingah, Iping. "Tiga Langkah Strategis Pemerintah-BI Jaga Inflasi." Suara Surabaya, 2019. <https://www.suarasurabaya.net/ekonomibisnis/2019/Tiga-Langkah-Strategis-Pemerintah-BI-Jaga-Inflasi/>.