THE RELEVANCE OF MUHAMMAD BAQIR ASH SADR'S THOUGHTS ON THE CONCEPT OF PRODUCTION TO THE ECONOMIC SYSTEM IN INDONESIA

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ABSTRACT

This study aims to analyze the relevance of the production concept from the perspective of Muhammad Baqir Ash-Sadr with the economic system in Indonesia. The research approach uses a literature review. The results showed that some objective aspects of production, according to Baqir Ash-Sadr, are relevant, and some are not relevant to the concept of production in the economic system in Indonesia. The relevant ones include ownership of natural resources in the earth's bowels and underwater, labor, and fixed capital, while land ownership and money capital are considered irrelevant. The subjective aspect in the form of production objectives, according to Baqir Ash-Sadr, is relevant to the purpose of production in Indonesia, namely to meet the community's needs.

ABSTRACT

This study aims to analyze the relevance of the production concept from the perspective of Muhammad Baqir Ash-Sadr with the economic system in Indonesia. The research approach uses a literature review. The results showed that some objective aspects of production, according to Baqir Ash-Sadr, are relevant, and some are not relevant to the concept of production in the economic system in Indonesia. The relevant ones include ownership of natural resources in the earth's bowels and underwater, labor, and fixed capital, while land ownership and money capital are considered irrelevant. The subjective aspect in the form of production objectives, according to Baqir Ash-Sadr, is relevant to the purpose of production in Indonesia, namely to meet the community's needs.

Keywords: Islamic Production Concept, Muhammad Baqir Ash-Sadr, Economic System

INTRODUCTION

In recent decades, Indonesia's economic structure has undergone substantial progress. Indonesian society and economic actors seek an economic model aligned with local values and religious teachings in response to global issues. Based on Muzakki (2023), Indonesia's economic structure has significantly advanced in recent decades, particularly with the growing awareness of the importance of an economic model aligned with local values and religious teachings. Since various variables influence people's thinking, each school of economic thought has a unique perspective. (Syaifuddin, 2001).

Baqir As-Shadr is a leading figure in this school who argues that economics is not by Islamic principles. He views Islamic economics as a philosophy that studies economic issues, emphasizing principles of justice drawn from Islamic ideals and not as a traditional science. His viewpoint is very different from that of conventional wisdom. According to Baqir As-Shadr, economic problems are not caused by the inherent limitations of human aspirations, which need to be considered when managing limited resources. Islamic law states that there is no limit to the resources that Allah has created. This is supported by Surah Al-

Qamar:49, which reads, "Indeed, We have created everything with an appointed measure." Instead, he asserts that the real issue lies in the unjust distribution of resources, which is not adequately addressed by conventional economic theories (Maulana et al, 2024). This perspective underpins his belief that Islamic economics should be rooted in the Quran and Sunnah, offering a unique approach that contrasts sharply with Western economic paradigms

Production is essential to ensure that human needs are met and to improve economic well-being. It involves generating income by producing great value and profit goods while effectively utilizing personnel and machinery. During production, raw materials from various sources are converted into products or services that customers want. For production efforts to be considered productive, Afzalur Rahman emphasizes the need to produce goods that meet human needs (Rahman, 1995). In the Islamic perspective, production is not only aimed at fulfilling human needs but must also be grounded in Shariah principles, such as upholding justice, social balance, and environmental sustainability (Daulany et al, 2024).

According to Muhammad Baqir As-Shadr, production is a step in managing natural resources to meet human needs. (Nurdin, 2019). As stated in the Qur'an letter al-Maidah: 87, "O you who believe, forbid not that which is good which Allah has made lawful for you, and transgress not your limits." There is a strong prohibition in Islam against abusing nature beyond its limits. Verily, Allah hates those who transgress."

Muhammad Baqir As-Shadr realized manufacturing was necessary to meet society's wealth needs. To fulfill its needs better and more effectively, society strongly emphasized production. He advocated that the owners of the natural resources produced through labor belong to the laborers and opposed treating wages as a reflection of the share of total labor. (al-Shadr, 1987). Muhammad Baqir Al-Sadr divides production theory into two main aspects (Mudawamah & Samsuri, 2024). First, Objective Aspect (Scientific), focuses on the technical side of production, involving the use of resources, the processing of natural wealth, and the labor exerted in the production process. Second, Subjective Aspect (Doctrinal), relates to Islamic rules regarding permissible or legitimate goods, as well as categories like suitability and comfort. Al-Sadr also highlights the common goal across different economic schools of thought, such as capitalism, socialism, and Islam. All seek to maximize production, but they differ in their approaches. Capitalism emphasizes freedom, socialism focuses on collective principles, and Islam is grounded in justice. Additionally, Al-Sadr argues that the state plays a crucial role in managing large economic projects, intervening to ensure equality, efficiency, and control of extractive industries.

The main objective of this research is to assess and examine how Muhammad Baqir Ash-Sadr's conception of production relates to Indonesia's economic structure. This research will examine how Ash-Sadr's theory of production can be utilized in the Indonesian economy and whether its contribution can help the country's economy grow pretty and sustainably.

LITERATURE REVIEW Production Concept

The need to fulfill one's basic needs has always been human nature. Humans communicate their wants in various ways; they may cry when hungry or, as they age, develop more sophisticated demands. After reaching the peak of life, needs will gradually decrease until the person passes away (Nasution, 2006). Natural resources found throughout the world, such as wood, stone, and iron, can be used to fulfill human needs. However, these natural resources must be processed

before being used directly. There are many steps involved in this process, from harvesting timber to producing finished goods. From an Islamic perspective, the purpose of economic activity is to fulfill needs, which is also seen as a religious obligation. This implies that humans are responsible for solving their financial problems, especially when fulfilling needs by using existing natural resources. (Karim, 2002).

Manufacturing is the process of transforming inputs into products and services that customers can use. (Suparmoko, 1998). Production efficiency is creating products and services at the lowest possible cost within a given time frame. Welfare is often quantified in monetary terms in contemporary economics, which has more restrictions than in Islamic economics (Ainiyah et al., 1998). (Ainiyah et al., 2019).. In the Islamic economic framework, production centers on the most efficient use of natural resources and the wider community's interests. Production must adhere to halal standards, which are norms for producing goods based on ethical and religious principles.

The Islamic economic system's ultimate goal is to fulfill individual and collective needs. In Islam, it is not only recommended but also seen as a religious obligation to engage in production. (Choiriyah, 2016). In line with Islamic values, manufacturing aims to fulfill the needs of individuals and society. Companies must adhere to specific rules, such as using raw materials from halal, avoiding usury, and preserving the environment, to fulfill their production targets per Islamic principles. (Aedy, 2007). In Islamic economics, wages and labor rights are equally important issues. The Islamic perspective on economics places production on moral and religious law, emphasizing the need to use natural resources responsibly. In Islam, production aims to improve the welfare of society and expand its benefits. (Nurdin, 2019).

Factors of Production

The optimal mix of production variables will produce the best output, so producers must choose their production factors carefully. A producer needs various production elements to create, including labor, money, organization, and natural resources. According to theory, there are four types of production factors, which are as follows (Nurdin, 2019):

Firstly, the main component of the production element is land or natural resources. This refers to all natural resources used to make goods or create money, including air and water, plants, animals, and everything above and below the earth.

Secondly, labor is a factor that determines the success of production because it uses natural elements that regulate the amount and quality of output. Islam restricts labor, which means that labor should not be separated from morality and ethics in producing goods that do not harm others.

Thirdly, capital refers to all material wealth producers own, including furniture, machinery, buildings, and other items used to create goods and services. This wealth can be both monetary and non-monetary. From an Islamic perspective, the method of earning money sets it apart. The first requirement that must be fulfilled to gain it is that it is free from interest.

Fourth, management must have the ability to use different production variables. Every manufacturing task has a manager who is responsible for meeting organizational goals. Everyone in management must perform their duties effectively and by the responsibilities given.

Production Principles

The production process, in theory, is entirely subject to Islamic law, which mandates that all processes should be aligned with the purpose of consumption. A Muslim's consumption is done in pursuit of falah, and their production is done to provide products and services to achieve this falah. The following are the general principles of production (Nurdin, 2019):

First, according to the tawhid (at-tauhid) concept, producers perform their work due to their submission to Allah SWT and their desire to honor Him.

Secondly, the idea that every human being has the right to realize their creative potential to enhance their capacity to prosper - known as the concept of humanity, or *al-insanity* is widely practiced.

Third, the principle of justice (*al-'adl*) highlights that treating everyone moderately will improve living standards and potential output.

Fourth, the principle of wisdom (al-maslahah) emphasizes the need for humans to live as morally high as possible, which has consequences for human relations horizontally (fellow living beings) and vertically (Allah SWT).

Fifth, productive activities are based on the values of freedom (al-hurriyah) and responsibility (alfardh). Production activities protect economic resources by using, investigating, and managing them while prohibiting damage. This suggests that moral and psychological principles are accountability to oneself, society, and God should underlie all human behavior.

The Concept of Production in the Perspective of Muhammad Baqir Ash-Sadr

Muhammad Baqir al-Sadr stated that there are two components in manufacturing activities (Haneef, 2010): (1) The objective component addresses the economic side and how it is used for labor, production regulations, cost functions, and other technical and economic efficiency issues. Sadr decided to give perspective to the fundamental questions (what to create, how to produce, and for what purpose to make). (2) The subjective element includes psychological drives, the goals achieved through production activities, and the judgment of these actions based on various notions of justice.

He asserts that by advancing the specialization thesis, economics has objectively demonstrated that the division of labor can produce both quantity and quality of output so that producers can use the findings of the theory to improve the quality of the products they produce. Sadr clearly distinguishes between the concept of production in economic research and the idea of production in economic philosophy. Therefore, all economic theories share the economic science on which production is based. According to Sadr, what distinguishes one production from another is the motivation of the actor (in this case, the producer) to achieve his goal. The sources of production are classified into three categories in political economy (Haneef, 2010):

Nature is the first. The sources of production in Islamic economics can be categorized into several different areas, including land, natural streams (rivers), primary substances (minerals, coal, sulfur, oil, gold, iron, and so on), and various other natural resources.

Baqir al-Sadr distinguishes three categories of ownership: government ownership, community/public ownership, and private ownership. According to him, the only rights associated with private property are the right of use, priority, and the right to exclude others from using whatever exclusively belongs to them. Facilities owned by the state, including schools and hospitals, serve the interests of all members of society if state ownership applies to more than one segment of the population (Haneef, 2010).

Capital, or capital goods, comes second. Since each finished good is created by human labor and then contributes to creating another finished good, capital is the wealth produced, not the initial production source. Labor is an abstract and immaterial factor, while capital is created wealth, such as money or machinery, which will then produce something else. (As-Sadr, 2008).

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Labour comes third. With fixed incentives (wages) and variable rewards (profit sharing), Baqir al-Sadr offers a choice of rewards for labor. Regarding leased property, this is permissible if the owner has worked from the beginning, such as cultivating dead land. However, taking land for rent and then renting it out to others at a higher price or buying cheaply and selling at a high price without adding effort or value to a product is illegal. (Haneef, 2010).

Islamic Means of Carrying Out Production

The state is responsible for planning and directing economic activities through the Qur'an, sunnah, and ijma Ulama. According to Baqr Ash-Sadr, there are two types of Islamic production strategies or methods, which are as follows (Haneef, 2010):

Firstly, intellectual and ideological strategies. People are encouraged to work because, when done with knowledge and purpose by the Qur'an, work is a devotion to God. This instrument serves as a paradigm for a way of life that distinguishes it from the paradigms of capitalism and Marxism.

The second is the legal or legislative approach. The philosophy of the state must be supported by regulations to encourage and control economic activity. Baqir As-Sadr gives the following examples:

- a. The state can take over idle land and give it to someone willing and able to develop it.
- b. Islamic law prohibits him or the forcible seizure of territory.
- c. Apply the principle of "no work, no profit."
- d. Prohibit inefficient transactions, such as cheaply buying and selling expensive goods without labor.
- e. Prohibiting usury
- f. Prohibit hoarding (money and gold)
- g. Prohibiting hoarding of wealth
- h. Prohibiting acts that Allah SWT forbids
- i. Prohibit arrogance and excess j. Controlling and supervising market fraud
- a. In short, Baqir As-Sadr advocates strict supervision over direct involvement in production. For example, the government, led by Amr, needs to ensure the dynamism of the Islamic financial sector.

METHODS

This research will use the literature review method as the research approach. Data will be collected from various published sources, including scientific journals, books, theses, and other reliable sources related to the subject of this research. The literature

review will include a review of accomplished journals relevant to the research topic. The results of this literature review will be analyzed and elaborated to evaluate whether the concept of production proposed by Muhammad Baqir Ash-Shadr is appropriate and relevant to be applied in the context of the economic system in Indonesia.

RESULTS AND DISCUSSION Muhammad Baqir Ash-Shadr

Renowned scholar Muhammad Baqir As-Shadr was born in 1935 in Baghdad, Iraq (Hamzani & Idayanti, 2020). Despite coming from a prominent family that included several well-known religious figures, Muhammad Baqir As-Shadr's family faced severe financial difficulties, especially after the death of his father. His mother and elder brother, also a renowned mujtahid in Iraq, introduced him to a family atmosphere steeped in Islamic beliefs, which became the foundation of his education.

Muhammad Baqir As-Shadr showed brilliance at a young age (Choiriyah, 2016). Without an instructor's help, he could understand complex theological concepts and give lectures on Islamic history and culture from age ten. He began studying logic at the age of eleven, and he even published a book analyzing philosophical ideas. His brother introduced him to the basics of Islamic law when he was thirteen. Muhammad went to Najaf at the age of sixteen to continue his Islamic studies, and while there, he even wrote an encyclopedia on the fundamentals of Islamic law. He began teaching jurisprudence to younger students when he was twenty-five years old.

Muhammad Baqir As-Shadr emphasized in his lectures that politics was essential to Islam and encouraged the formation of Islamic groups such as Hizb al-Da'wah al-Islamiyyah (Islamic Da'wah Party) (Hamzani et al, 2020). He urged Muslims to realize Islam's intellectual heritage, to move away from other influences - particularly capitalism and Marxism - and unite to oppose the changes taking place to their social, political, and economic structures. Among the leading intellectuals who reflected the intellectual revolution in Najaf from 1950 to 1980 was Muhammad Baqir Ash-Shadr. The political aspect of this awakening and its impact on the Middle East were among its main characteristics.

There were three phases in the political and intellectual growth of the Islamic movement in Iraq (Sakai, 2001). The clerics in Najaf were reactive in the 1950s. However, when communism emerged as a danger, things changed, and the imams became

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involved in politics. In addition, they thought that the adverse impact of the central government on family law and family relations needed to be addressed. This led to a shift in the ulama's perspective on national politics. However, due to his political views criticizing the Ba'ath party in Iraq for violating Islam and human rights, Muhammad Baqir Ash-Shadr was arrested and imprisoned. He and his sister, Bint al-Huda, organized demonstrations against their detention. eventually led to their release. However, tensions with the Ba'ath party continued to rise. Muhammad Bagir Ash-Shadr was finally sentenced to death in 1980 after being arrested once again.

After the death of Muhammad Baqir Ash-Shadr, the Islamic movement flourished both in Iraq and outside the Middle East (Ustaoğlu, 2024). He became famous in the history of Islamic political movements and continued to have a profound impact even after his untimely death in 1980. Muhammad Baqir Ash-Shadr made critical literary contributions to magazines, newspapers, and his works. He authored publications on various subjects, such as sociology, religion, economics, and philosophy.

Baqir Ash-Shadr often criticizes the dialectical-materialistic method in his works and advocates using Islamic ideas to distinguish between good and evil (Desky, 2022). He also served as a consultant to several Islamic organizations, including the Islamic Development Bank, and regularly published articles on Islamic economics. In many ways, his contributions have significantly impacted the evolution of Islamic thought.

Relevance of Objective Aspects of Muhammad Baqir As-Sadr's Thought with the Economic System in Indonesia on the Concept of Production

According to Baqir As-Sadr, the three objective parts of production activities are labor, natural resources, and capital. (As-Sadr, 2008).

Firstly, labor is an abstract and immaterial aspect, while capital is the wealth produced, such as money or machinery, which will then produce something else. (As-Sadr, 2008). According to Baqir Ash-Sadr, when discussing capital about money, the reward comes from the funds used, not the risk aspect. He disagrees with the statement made by many economists, including Muslims, about the reward of "risk." Sadr states that those who say "no risk, no profit" confuse the "mental state" with the production aspect. (As-Sadr, 2008). Islamic economic theory states that capital should be interest-free. According to Sadr,

mudarabah contracts should be made to earn a return on investment.

Baqir Ash-Sadr's ideas and the existing production system in Indonesia are based on the idea that capital is wealth created by human labor, producing more wealth. In the Indonesian production system, money used as capital is referred to as investment, which is actually the same as mudarabah (Ryandono et al. 2021). However, in contrast to Baqir Ash-Sadr's assertion that money capital must be free of interest, Indonesia also recognizes money capital in the form of loans, which are seen as exciting. Thus, Ash-Sadr's theory of capital in the form of money is irrelevant to what happens in Indonesia. Capital can be obtained through government and private banks, including interest in lending capital, not necessarily from mudarabah contracts.

Second. regarding natural resources. Islam introduced a third type of state ownership, which allows the head of state to maintain a balance and ensure that basic human needs are adequately met, as many people cannot fulfill their needs through private ownership. According to Bagir Ash-Sadr, there are three ownership categories: state, public, and private. (Haneef, 2010). According to him, the only aspect of private ownership is the freedom to use something that belongs to him, the right to use it first, and the ability to prohibit others from using it. Facilities owned by the state, including schools and hospitals, serve the interests of all members of society. Suppose state ownership is not limited to specific segments of the population. Ownership of natural resources is intended to be shared so that they can be used appropriately based on need. In addition, sharing and limiting ownership can prevent monopolies and over-exploitation of resources for private gain. Land ownership is the only way to own natural resources (on the earth's surface). This implies that the wealth found in and on the surface of the earth does not belong to the person who owns the property. This is to prevent private ownership of all wealth below the earth's surface (air and water) and above it (mining materials and water). (Ismail et al., 2014).

This is evident in the Indonesian economy, where the state has the greatest authority and ownership, especially regarding the ownership of natural resources (Winanti & Diprose, 2020). In terms of public welfare, the state has great responsibility. The state controls the administration of significant sources of production, especially those that significantly influence many people's lives. To fulfill the needs of the people, the state organizes the distribution of these resources in addition to controlling their use. This is done to

implement the Indonesian state's primary objective, which is to promote the general welfare as stated in the preamble of the 1945 Constitution.

This aligns with Sadr's statement that the state dominates the Islamic economic system (Triyanto & Saifudin, 2024). Upholding justice is more of a state obligation, as Ulil Amr indicates. However, Sadr's statement differs from the current system in Indonesia regarding the ownership of natural resources for land resources because land is one of the resources individuals in Indonesia can own. In contrast, the state owns the resources under the earth's surface (land) and underwater (river, sea, and lake).

Third, labor. Labor is an intangible and abstract factor that the public or private sector cannot own. (As-Sadr, 2008). Human effort in the form of labor is highly valued by Baqir Ash-Sadr, who believes that everyone who works should get a fair return in terms of ownership or use because it is their right. Labor is separated into two categories by Sadr: stored labor and direct labor. When direct labor results in the production of goods simultaneously, whereas stored labor is done first. For example, a worker who makes a means of production, such as a machine builder, is entitled to compensation for his work even though he does not contribute to producing goods. The payment of salaries or rewards is affected by this division of labor. About labor, Bagir Ash-Sadr enumerates the benefits for each source of production as follows (Haneef, 2010): Land in the form of rent (profit sharing), capital, and labor in the form of wages or profit sharing. Payment of profit sharing is in the form of cash, as well as capital in the form of tangible tools or salaries.

There are two ways that Baqir Ash-Sadr compensates workers (Arif et al. 2020). The first is the salary system. In return for the guarantee of the tasks performed, the worker chooses a monetary reward, which the owner of the capital is obliged to pay without considering the possibility of profit or loss. The second is utilizing the profit-sharing incentive scheme. In this case, the worker loses the labor guarantee if he cooperates with the capital owner. This is because the wages of a laborer who cooperates with the capital owner will depend on the level of profit generated, and he may only get compensation if he suffers a loss.

There are similarities between the current labor arrangements in Indonesia and those proposed by Baqir Ash-Sadr, although in different situations. Baqir Ash-Sadr regulates labor relations according to the agreement reached between the owner of capital and the worker (Desky, 2022). So that there is no domination between the two, they will carry out their

responsibilities according to the agreement, whether profit-sharing or rental systems (ijarah or mudarabah). This is due to the current system in Indonesia, which bases the working relationship on kinship or human ties rather than on money or labor. The achievement of profits between the two is very much taken into account in the concept of kinship to fulfill the needs of both parties and prevent one party from feeling disadvantaged. The roles of the capital owner and the worker are visible.

Relevance of the Subjective Aspects of Muhammad Baqir As-Sadr's Thought with the Economic System in Indonesia on the Concept of Production

The subjective component of production, which consists of the purpose and judgment of production activities based on various notions of justice, is the second element of production (As-Sadr, 2008). Baqir Ash-Sadr believes that production's purpose is to fulfill society's needs, not to fulfill every human desire.

Baqir Ash-Sadr states that although money and its growth are essential goals in Islam, they are only intermediate goals, not the ultimate ones. For a Muslim to fulfill his duty as Khalifah, he must use wealth to fulfill his obligation to use it for the betterment of humanity in all material and moral areas. (As-Sadr, 2008)wealth is not the ultimate goal of man or the world.

Realizing the welfare of the people is the primary goal of the Indonesian economic system. There are two foundations for this. Firstly, structurally, the Indonesian economic system has an enormous opportunity to significantly help realize the lofty goals of the Indonesian state as the Indonesian economic system is geared towards the overall welfare of the people. Welfare has a significant economic component, meaning any economic achievements directly affect welfare. The attainment of people's welfare can achieve one-third of the country's goals. This solid constitutional basis is aligned with the objectives stated in the preamble of the 1945 Constitution. (Ismail et al., 2014). This is in line with Muhammad Bagir Ash-Sadr's explanation of the purpose of production, which is to fulfill the needs of society and not to multiply wealth, as happens in the capitalist system.

Therefore, the lack of natural resources is one of the production assessments given by Baqir Ash-Sadr's theory. As stated earlier, human behavior in managing existing natural resources is the fundamental economic problem, not the lack of natural resources. Economic problems will never be solved if human behavior is driven by desire because hunger is insatiable. The

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depletion of economic resources to fulfill insatiable human desires is one of the consequences of desire-based economic activity, which further damages the environmental balance system. (Rivai & Buchori, 2009)...

Therefore, Sadr disagrees with the conventional wisdom that a lack of economic resources (scarcity) about society's unlimited needs is the root cause of economic problems. Islam explains that, despite the abundance of financial resources, Allah SWT created all living things, including humans. This is by Allah's statement in the Qur'an surah Al-Furqon verse 2, which reads, "Who has the kingdom of the heavens and the earth, has no son, no partner with Him and He has created all things, and He has determined their measures with precision," regarding the sufficiency of economic resources. This verse explains how humans organize and manage natural resources, which can reduce or eliminate their ability to fulfill human needs. It says that Allah ordains natural resources to fulfill human needs. Sadr also states that there is a fundamental difference between previous economic systems, such as capitalism and socialism, and Islam (Moslem, 2023). The core of Baqir Ash Sadr's economic thought involves defining Islamic economics by establishing a foundational framework and making a significant distinction between economic science and economic doctrine.

Indonesia is blessed with abundant natural resources, including the wealth beneath the earth's surface and in the oceans. If used to fulfill the needs of every Indonesian, this income is more than enough. However, it is not because of the lack of natural resources that many people in Indonesia can still not fulfill their basic needs. This problem results from unequal allocation and a need for more knowledge among the parties involved about their responsibilities. Furthermore, research from Anggraeni et al. (2017) indicates that the issue is compounded by the "natural resource paradox," where resource-rich regions like West Papua experience high poverty rates despite their wealth. This paradox is a result of insufficient institutional quality, poor governance, and a lack of investment in education and infrastructure, which hinders the effective use of these resources for the broader population's welfare.

CONCLUSIONS

The concept of production taught by Muhammad Baqir Ash-Sadr is relevant to the economic system in Indonesia. The relevant objective aspects include ownership of natural resources in the earth's bowels and underwater, labor, and fixed capital. However,

ownership of land and money capital is considered irrelevant. In terms of subjective aspects in the form of production objectives, according to Baqir Ash-Sadr, it is relevant to the purpose of production in Indonesia, namely to meet the needs of society. Some aspects are irrelevant and need to be considered. Indonesia's economic system does not adhere to the Islamic economic system, as discussed by Baqir Ash-Sadr.

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