

3rd Global Conference on Business and Social Science-2015, GCBSS-2015, 16-17 December 2015, Kuala Lumpur, Malaysia

Globalization in the Perspective of Islam and Economic Experts

Dinarjad Achmad^{a*}, Umiaty Hamzani^b

^{ab}Tanjungpura University, Jl. Prof. Dr. Hadari Nawawi, Pontianak, 78124, Indonesia

Abstract

This paper aims to describe globalization in the perspective of Islam versus economic experts. Analysis of backward linkages and forward linkages is used to determine the impact of globalization on the economic structure and the multiplier effect analysis is used to examine the behavior of entrepreneurs in globalization. The result shows that globalization in the perspective of Islam is interpreted as a command of God to mankind in the whole world to know each other (QS.Al-Hujurat:13). However, according to the perspective of economic experts, pessimistic economist believed that globalization is a threat, while the optimistic economists said that globalization is an opportunity that can raise the welfare of the world community.

© 2016 The Authors. Published by Elsevier Ltd. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

Peer-review under responsibility of the Organizing Committee of the 3rd GCBSS-2015

Keywords: Globalization; Islamic perspectives; Economic expert perspectives.

1. Introduction

Globalization is the openness and integration of the world economy in terms of trade and the flow of international funds as well as foreign direct investment that can improve the linkages between governments, companies and the community directly and can influence the actions taken by everyone, Multi National Corporation (MNC), Conglomerate Multi-National Corporation (CMNC) and all countries in the world (Kuncoro, 2010), (Choudhury and Scotia, 1996), (Choudhury, 2004). Trade between countries since long ago been known and implemented by various nations in the world (www.mutiara.hadist.com), (Karim, 2010), including in Indonesia under the Dutch colonial period to implement the plant forced (culture stelsel) that produce spices traded by Dutch private company to Europe and America (Chiro, 1986), (Wright, 1961), (Neil, 1964). Likewise, imports of textiles and manufactured goods from various countries to a country have long been occurred (Fasseur, 1986). A growing number of countries, MNC, CMNC

* Corresponding author. Tel.: +628125617511.

E-mail address: dinarjad_fe@yahoo.com

and people who perform various activities, especially the trading of goods, services, money and direct investment from MNCs and CMNC in one country to another in the world, shows there has been a fundamental change in the international trading system that can give positive and negative multiplier effects on different countries.

The role of western countries including the United States (US) in the world economy (globalization) is dominant, if calculated based on market exchange rate reached 25.51% of the total GDP of the world. It means that a quarter of the world economy is dominated by the United States (US) so that when the US economy is paralyzed, it can lead to a multiplier effect to other countries (Europe, Japan, etc.). Globalization makes the world economy more open, so that if an area is attacked by the economic crisis, the crisis would quickly enter into economic regions in the world, because the world economy is global and open does not provide filters that are automated in order to withstand any economic problems or the economic crisis which occurred in an economic area that will strike into other economic areas in the world.

Globalization makes the world economy is becoming more integrated, both inputs (technology, capitalization, human resources, information, energy) as well as market output generated by various economic regions in the world. Consequently, if an area in the United States (US) is attacked by the economic crisis then all input that originally had been invested in the form of direct investment from the US will be drawn back to the US, in order to restore the economic crisis suffered (Kuncoro, 2010). This action resulted in many layoffs occurred massively from US companies that poverty at the world level increased.

Similarly, its market, when a crisis attacks a region, then automatically, the demand for goods and services in the region has decreased. As a result, the number and value of exports of other regions of the world also decreased. Currently, the economic integration in the globalization is developed quickly hit regions in the world economy, because of the support of technological progress (Scumpete, 1972). Therefore, a further study on the merging of the various countries in free trade is essential to be explained and analyzed.

2. Literature review

Allah says in the Qur'an (Al-Hujurat paragraph 13) which reads as follows: "O mankind! We have created you from a male and a female, and made you into nations and tribes, that you may know one another. Verily, the most honorable of you with Allah is that (believer) who has At-Taqwa i.e. one of the Muttaqun (the pious). Verily, Allah is All-knowing, All-Aware". Al-Hujurat paragraph 13 that implies that God commanded to know each other in order to cooperate in all respects (education, health, etc.), including cooperation in economic and trade activities.

The mindset of the classical economists was published in a book "The Wealth of Nations" in 1776 that remains in human thoughts worldwide up to now (Pressman, 2002). The essence of the thought of Smith contains three elements: (1) freedom that everyone has the right to produce, sell products, work and invest; (2) self-interest that everyone has the right to establish a business; (3) competition that everyone is entitled to competing in the production and trade in goods and services. Smith said, if the three elements were covered, it will create comfort, satisfaction, fulfillment of the various interests of all components of the economic system in society.

The mindset of the system of mercantilism in England are still stored in the human mind up to now argue that wealth consists of money in the form of gold and silver, so they try to export more and restrict imports in order to save money. Mercantilism system policy on the imposition of high tariffs and trade restrictions opposed by Smith. According to Smith, the attempt to balance the trade is unreasonable, Smith talked about the natural advantages of a country over other countries in terms of production of goods. Smith explained grapes can be grown in Scotland with the use of greenhouse technology and heating, but the cost of the wine production reaches 30 times compared with the wine imported from France. The question that arises is "does it make sense?" law prohibiting the import from other countries.

According to Smith, the policy of mercantilism system only generates prosperity and profits for manufacturers and monopoly holder alone. It means that mercantilism policies do not favor the consumer. The consequences of the system of mercantilism is, the accumulation of gold and silver is a source of wealth for the rich and mighty, but then what the sources of wealth for ordinary people and for the whole nation?. This is the main economic philosophy proposed by Smith. The Wealth of Nations is not just thinking about the free trade (globalization), but also the idea of thinking about how the whole nations in the world prosper.

Download English Version:

<https://daneshyari.com/en/article/1107991>

Download Persian Version:

<https://daneshyari.com/article/1107991>

[Daneshyari.com](https://daneshyari.com)