

INHERITANCE VS INTERTEMPORAL CONSUMPTION

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Abstract

There is a difference between the final goal of conventional economics and Islamic economics. This difference is about intertemporal consumption. In conventional economics, every human being trying to meet the needs through consumption activities. It is known as the term "intertemporal consumption". Intertemporal consumption is the consumption activities which are carried out in two periods, both present and future. Income (Y) obtained by a person is the sum of consumption (C) and savings (S) which is written in a mathematical function $Y = C + S$. However, in Islamic economics is known the term "inheritance" which is the income of someone unused until someone dies thus distributed to the heirs. Thus, a person's income in Islamic economics is not just an accumulation of consumption (present and future) and savings, but also inheritance which is an instrument of wealth distribution to the heirs after death. This a literature study. And this research tries to explain the difference between inheritance as part of intertemporal consumption in Islamic economics perspective and intertemporal consumption in conventional economics perspective. From this research about inheritance and intertemporal consumption, we will know more clearly about the fundamental difference from conventional economics and Islamic economics.

Keywords: *Inheritance, Intertemporal Consumption, Islamic Economics, Conventional Economics*

1. INTRODUCTION

Every economic system has the same final goal, which is to increase welfare of every member of the community. However, every economic system has a different way to interpret the meaning of welfare. Each system has a different world view about the meaning and purpose of human life as well as understanding the emergence of the universe.

Conventional economic system has a world view that emphasizes the consumption and possession of material as a source of human happiness and implicitly not committed to human brotherhood and socioeconomics justice.¹ Conventional economy sees economics as being secular (oriented only on the life of the world, now and here), and do not include God and human responsibility in the hereafter on its process. Therefore, the conventional economy includes into a value-free science (positivistic).²

In conventional economic systems, welfare is measured by the number of wealth (material) possessed so as to meet all their needs (consumption) which are virtually unlimited. Needs and desires in conventional economics are two things that are inseparable. Thus, the impact of the lack of separation between the two is the human's falling on the culture of consumerism.

Islamic economics is an economic system that is different from other economic systems. It is a doctrine and not a science, because it is the recommended way of Islam to pursuit of economic life, not an interpretation of Islam with which to explain the events occurred in the economic life and the laws that apply in it.³ It is built over religious principles (oriented to life on earth, now and as well as hereafter, later and there).

Islamic economics has a different definition of welfare. Welfare in Islamic economics is not only about the welfare in the world, but also welfare in the hereafter. In Islamic economics, welfare, success or

1 M. Umer Chapra, *Islam dan Pembangunan Ekonomi*, (Jakarta: Gema Insani Press, 2000), hal. 29
2 Adiwarhuman A. Karim, *Ekonomi Mikro Islami*, (Jakarta: Raja Grafindo Persada, 2012), hal 29

3 Muhammad Baqir Ash-Shadr, *Buku Induk Ekonomi Islam: Iqtishaduna*, (Jakarta: Zahra Publishing House, 2008), cetakan ke-1, hal 80

sustenance in the long run, the world and hereafter are referred to as *falah*. The use of the word *falah* not only about success, glory or victory in material aspects, but rather more emphasis on the spiritual aspect.

Consumption is one of economic activities that is essential for human survival. The absence of consumption will lead to the end of human survival. There are differences among economists about the definition of consumption, but most of the opinions defined consumption as using goods and services to meet human needs. Meanwhile, according to Muslim economists, the definition of consumption is not much different from the conventional definition of consumption in the economy. However, the definition equation does not necessarily provide equality in every aspect. This is due to any goods and services used to meet the needs of a Muslim must be *halal* (allowed by Islamic rules). Moreover, Islam also prohibits excessive consumption activities that give birth to the culture of consumerism (*tabdzir* and *israf*). Several verses in the Qur'an describe the prohibition behave extravagant or excessive, as it reads:

“It is He who makes the plants are vines and vines, palm trees, crops of diverse tastes, olives and pomegranates similar (shape and color) and similar (taste). Eat fruit when it bears fruit, and grant rights (*zakat*) at the time of harvest, but do not exaggerate. Allah loves not those who exaggerated”⁴

“O Children of Adam! Wear nice clothes in every (enter) mosque, eat and drink, but do not exaggerate. Indeed, Allah loves not those who exaggerated.”⁵

“And give rights to close relatives, also to the poor and the traveler; and do not squander (your wealth) in wantonness. Indeed, those who spender it is brother devil and demons that ingrate to his Lord.”⁶

Thus, it can be concluded that the consumption activities is a way to meet human needs in order to maintain the continuity of life. However, first need to distinguish between needs and wants before doing consumption activities. According to Al-Ghazali, the need is the human desire to get something that is needed in order to survive and perform its

functions. Al-Ghazali emphasize the importance of intention that consumption activity is not out of worship. Economic activity in the consumption of Islam is carried out in order to come closer to Allah SWT.

The distinction between needs and wants before consumption activities in Islamic economics is different from the case with the consumption of conventional economic activities. Conventional economics differentiates needs and desires, triggering consumers caught in a cycle of consumerism. Conditions occurred today is that the human desire to impose on their needs in line with the diverse variants of goods and services are prevalent.

Expectations or hopes and needs of consumption in the future will impact the consumption of a person's activities. Therefore, the discussion about consumption would offend also discussion of intertemporal consumption. If the consumption activities are performed in the course of time, then the intertemporal consumption is the consumption of which is done in two times, that the present (first period) and the future (the second period).

Different views of life and the final goal between conventional economics and Islamic economics also cause differences both on intertemporal consumption. This study tries to explain differences in intertemporal consumption in conventional economics and Islamic economics. If the concept of consumption intertemporal conventional economics is related to the consumption of a person's current and future, then the concept of consumption intertemporal Islamic economy is not only about the current consumption and future of a generation, but also future generations (intergeneration). From this study we will know how the Islamic economic concern about the survival of future generations through the instrument typical of Islamic economics is the inheritance. We will know how the consumption of one generation activities will also affect to the next generation.

2. DISCUSSION

Final Goal in Islamic Economics

The final goal of human life according to Islamic economics is to achieve *falah*. *Falah* in humany verses of the Quran are used as an expression on the successful or lucky in the

4 QS. Al-Anám (6): 141

5 QS. Al-A'raf (7): 31

6 QS. Al-Isra' (17): 26-27

long run, the world and the hereafter. Some verses of Al-Quran which mewakli said *Falah* include muflihun words contained in QS. Ali-Imran (3): 104, Al-Araf (7): 8 and 157, At-Tawbah (9): 88, Al-Mu'minun (23): 102, and An-Nur (24): 51 and said Aflah contained in QS. Al-Mu'minun (23): 1, and Ash-Shams (91): 9.

Falah word derived from the Arabic verb *aflaha-yuflihu* that means success, glory and victory. In the literal sense (literally), *Falah* means of glory and victory in life. The use of the word *falah* not only about success, glory or triumph of the material aspect, but even more emphasis on the spiritual aspect.

So, how humans can achieve *falah*? Before reaching *falah*, human will reach the intermediate goal that connecting with the final goal of his life. The intermediate goal is known as *mashlahah* which has a broader meaning than the utility or satisfaction in conventional economic terminology. *Mashlahah* is any form of circumstances, both material and nonmaterial that can improve the position of human as the noblest creatures. *Mashlahah* also called *manfa'at* or *manafi* 'which means goodness associated with the material, physical, psychological, sensory other things. Another term that is similar to *mashlahah* is *hikmah*, *huda* and *barakah* meaningful rewards promised by Allah either in the world or in the hereafter.

According to Jalal al-Din Abd al-Rahhuman, *mashlahah* etymologically is "anything that contains benefits for humans". While the terminology is "everything that is beneficial to humans, which can be achieved by humans in a way to obtain it and how to avoid them. As well as avoiding the enslavement of human harm."⁷

Mashlahah is the goal and purpose to be achieved by Islamic law (sharia maqasid). This is as the opinions expressed by some scholars, among others:

Tabel 1. Ulema's Opinion about Islamic Sharia and *Mashlahah* Relation

Name	Opinion
Imam Al-	<i>The main objective of sharia is to</i>

⁷ Jalal al-Din Abd al-Rahhuman, *Al-Mashalih al-Mursalah*, (Mesir: Mathba'ah al Sa'adah, 1983), hal 12-13 dalam Ika Yunia Fauzia dan Abdul Kadir Riyadi dalam bukunya *Prinsip Dasar Ekonomi Islam Perspektif Maqashid al-syariah*, (Jakarta: Kencana Prenadamedia Group, 2014), hal 47

Name	Opinion
Ghazali	<i>maintain human well-being that includes the protection of faith, life, intellect, lineage, and their possessions. What are the guarantees sheltered five this case is mashlahah for humans and desirable.</i>
Ibnul Qayyim	<i>Basis of Sharia is wisdom and human welfare in this world and in the hereafter. Mashlahah lies in perfect justice, mercy, peace, and wisdom. Anything that makes justice be persecuted, grace be violence, ease be trouble, and wisdom be foolishness, then it has nothing to do with sharia.</i>
Ibn Taimiyah	<i>Indeed Shari'ah came to produce welfare and complete it, also to stop any damage and minimize it.</i>
Imam Al-Syatibi	<i>Indeed sharia aims to realize the benefit of humanity as a servant of God in the world and in the hereafter. Therefore, when his servant burdened with the obligation (al-taklif), then it is none other than to realize welfare. Servant of God in the world and in the hereafter. Therefore, when his servant burdened with the obligation (al-taklif), then it is none other than to realize welfare.</i>

Source: Various sources, the data is processed

It can be concluded that *mashlahah* (welfare) is the main objective of the sharia (maqasid sharia) that can be achieved along with avoidance of damage (mafsadah) which is the opposite of *mashlahah*. It is as nature commands and prohibitions Personality 'which is basically to bring sharia returned to a rule, which *jalb al-masahlih wa daru al-mafasid* (increase welfare and resist damage).

Maqasid sharia etymologically consists of two words, namely *maqasid* and *sharia*. Maqasid is the plural of the word *maqshud* meaning intentions, goals, principles, intentions, goals, the final destination. Its Term means telos in Greek, finalite in French or Zweck in language Jerhuman.⁸ The Shariah means the path to the water or the road leading

⁸ Auda Jasser, *Membumikan Hukum Islam melalui Maqasid Syariah* (terj), (Bandung: Mizan Media Utama, 2015), hal 32

towards the source of life.⁹ Auda (2015) defines sharia as the revelation received by the Prophet Muhammad and practiced in the minutes and the mission of his life, in other words, sharia is the Al-Quran and Al-Hadith. It can be concluded that the maqasid sharia is the purpose or goal to be achieved by the provisions of Islamic teachings contained in the Al-Quran and Al-Hadith which is the source of human life.

It can be concluded that the maqasid sharia is the purpose of Allah as the creator of sharia to provide welfare to humans with the needs dhaluriyah, hajjah and tahsiniah.

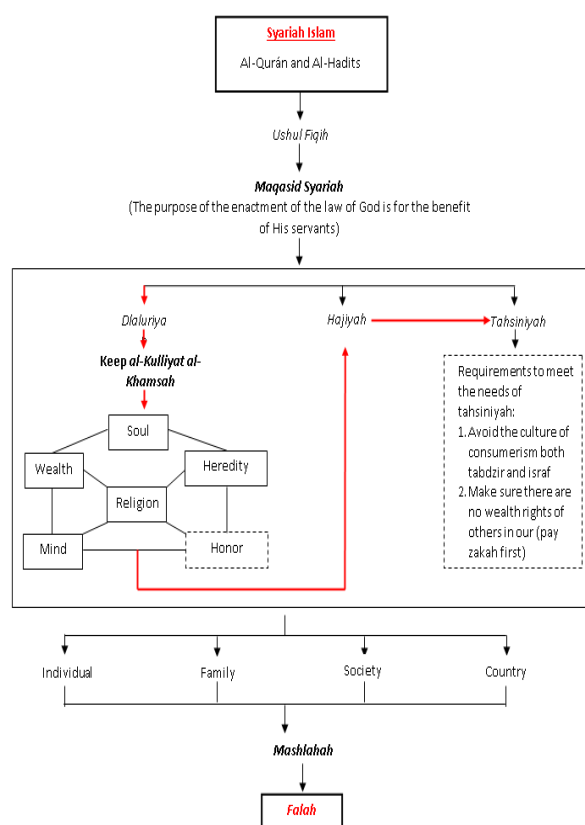


Figure 1. Welfare in Maqasid Sharia Perspective

Based on the picture above, it can be seen that the Islamic law which include the Al-Quran and Al-Hadith, has the final goal of which is to the glory of human life on earth and in the hereafter. *Mashlahah* which is an intermediate destination is what will deliver humans to success, glory and victory (*falah*) both in this

world and in the hereafter. Islamic Sharia guide human in all aspects of life in order to realize welfare both in this world and the hereafter, in life or death, as well as for life in the past and the future. Human ignorance over maqasid sharia and sharia will encourage people in the denial of the law given by Allah.

Mashlahah to be achieved by sharia are general and universal. General means that applies not just to individuals, but also to a wider scope, that are family, society and country. Universal meaning is not only valid for a certain period, but also for all the time and all human life.

Intertemporal Consumption in Conventional Economics

Consumption according to conventional economic perspective is the greatest goal of human life. In conventional economics, everyone is free to consume the goods and services they want for money. There are no restrictions for everyone to carry out activities during the consumption has adequate material.

In the consumption activities, known a term “intertemporal consumption”. Intertemporal consumption is consumption that is done in two times, that the present (first period) and the future (the second period). Income (Y) obtained a person is the sum of consumption (C) and savings (S) which mathematically can be written $Y = C + S$.

From this equation it can be seen that the correlation of consumption and saving is negative. The higher consumption of a person, then its savings will be less, and vice versa. Thus, increasingly consumerist someone, the little savings he had.

When a person's consumption is greater than its income ($C > Y$), then he called the borrower. When someone smaller consumption of its income ($C < Y$), then it is called lenders. And when a person's consumption is equal to revenue ($C = Y$), then it is called Polonius point. Having the freedom to consume without limits in the conventional economy, will tend to put someone on the conditions as borrower. Due to the culture of consumerism, then the person's current consumption (period 1) would exceed the revenue owned. Impact of greater consumption of revenue is cutting revenues in the next period (period 2), which in turn will result in cutting consumption in period 2.

9 Ika Yunia Fauzia dan Abdul Kadir Riyadi dalam bukunya *Prinsip Dasar Ekonomi Islam Perspektif Maqashid al-syariah*, (Jakarta: Kencana Prenadamedia Group, 2014), hal 41

Cutting is done because the individual had to borrow money from other parties with guaranteed income partially owned at 2 period.

Culture of consumerism in conventional economics would be difficult to put someone on the conditions as lenders. Consequently, let alone to meet the needs of future generations, to meet their own needs, someone has enough trouble. This condition is the result of the lack of separation between needs and wants. A person consumes whatever he wants, even in excess of the ability that he possesses.

Conditions such as these are now widely occur. Humany people do exceed the consumption activities of income he had at this time, and charges it to the next period income. As a result, the next generation will experience difficult conditions because the action of the previous generation of the importance of consumer activity is confined to the generation time only.

Intertemporal Consumption in Islamic Economics

Meeting the needs -not fulfillment of wants- is the purpose of Islamic economic activity, and efforts for the achievement of these objectives is one of the duties of religion. According Siddiqi (1979), the purpose of economic activity that is perfect according to Islam, among others: 1) meet the needs of one's life is simple; 2) meet the needs of the family; 3) long-term needs; 4) provide for the family left behind; and 5) provide social assistance and donations in the way of Allah. All these views have a single purpose, is to realize *mashlahah* in the lives of individuals, families, society or country.

The purpose of the consumption activity that is simple and not excessive is that one generation is not greedy and spend a sustenance just to satisfy his desires in a single period, leaving them without the wealth to the next generation. The current generation must think about the condition of the next generation. This is done as a form of one's care to the families and relatives as well as a father with a calculating attempt to leave the child in an sufficient condition. This is as the hadith narrated from Sa'd ibn Abi Waqqas ra : Prophet said, "Look, you left your heir in a rich condition is better than you left them in a poor

condition, lifted a hand to beg to the people." ¹⁰ This is as narrated by Abu Bakr that "I am not happy with people who spend a sustenance that should be sufficient for several days but is eaten in one day". This also happened during the caliphate of Umar r.a. when they refused to allot Iraq's land to the muhajirin who have conquered it because this land is a great wealth that can be enjoyed by generations (children down) them. Therefore, Umar said to those who oppose its policies at that time, "Do you want generations behind you do not have anything? Actually I wanted something that sufficient generation of beginning and finish ".

It can be concluded that in our consumption activities, not only to meet current needs, but must also consider the needs of future generations. We're not going to get the next generation is able to perform his duties as a caliph on earth if they are neglected. What we have left is to prepare provisions and meet their needs.

Intertemporal consumption concept in Islamic economics is not just about consumption at the current generation, but also intertemporal consumption intergeneration. How is this possible? This could have happened considering the concept of simplicity and moderation in consumption according to Islamic economic perspective. When the concept of simplicity and not excessive is going well, the revenue will be greater than consumption, placing a person in conditions as lenders. When consumption is low, then the savings will increase. Furthermore, the increase in savings could be used for various purposes other than consumption as business activities and investment. The allocation of Income (I) with greater savings (S) rather than consumption (C), it will increase the wealth through business activities invesment. Furthermore, the increasing wealth of the day will be increased. The increase in total wealth will be the right heir when such property is no longer used by their owners. Thus, inheritance is the accumulation of a person's income during some period of time that is not used after he died so distributed to the rightful heir.

Instrument inheritance is an exclusive instrument owned by the Islamic economy and not possessed by conventional economics. This instrument is a form of Islamic economics

¹⁰ HR. Muslim 5:71-S.M.

attention to the sustainability of the next generation. This instrument is the result of hard work given by the previous generation to the next generation as a life provision.

Method of Consumption

The essence of consumption according to Islamic economic perspective different from the conventional economic perspective. If the consumption of conventional economics is the biggest goal of human life, then in Islamic economics, consumption just a auxiliary to increase the strength in worship to Allah SWT. An understanding of this has a positive indication, among others: *First*, a Muslim would not carry out activities that go beyond the limits of consumption which makes busy enjoying it rather than performing their duties as caliph, so that he suffered a loss both in this world and in the hereafter. *Second*, curb the greed of consumers and make it more disciplined in terms of consumption, so he was not extravagant nor miserly, and making remember to God with grateful for the favors of him and implement Sharia, do not do the work of the unlawful and did not enter into his mouth something unlawful. *Third*, encourage someone more concerned with other people and keep him away from a selfish attitude, so he was always closer to Allah by giving alms to close family, the poor, those in need, and others, to help them to obey God and not helping them in doing immoral.

After understanding the essence of consumption, then the next stage to distinguish between needs and wants. Needs be divided into three stages, namely the need *dlaluriyah*, *hajiyah* and *tahsiniyah*.

a) Dlaluriyah (Primary / Need or Imperative)

The situation where a basic human need must fulfilled immediately, if not, it will pose a danger risk to the destruction of human life and the loss of even welfare of world hereafter. In Islamic law, *dlaluriyah* is something that most basic and essential than *hajiyah* and *tahsaniyah*. In fact, there is general agreement that states that the protection of *dlaluriyah* or necessity is the goal behind every divine law. If *dlaluriyah* can not be fulfilled, it will result in a broken and flawed *hajiyah* and *tahsiniyah*. But if *hajiyah* and *tahsiniyah* not fulfilled, it will not interfere and cause damage and disability in *dlaluriyah*. This is because *hajiyah* considered

less essential than the *dlaluriyah*, and existence is to beautify *Maqasid tahsiniyah*. Thus, we can conclude that each level serving and protecting the more basic level, such deeds are included in *tahsiniyah* level serves as a 'protective shield' for *hajiyah* levels, and levels *hajiyah* serves as a 'protective shield' for *dlaluriyah* levels.

Furthermore, *dlaluriyah* is composed of five elements better known as *al-Kulliyat al-khamsah* that must be fulfilled, so that people can live happily in this world and in the hereafter consists of five things, there are protection against faith or religion (*Hifz al-din*), the protection of life or soul (*Hifz al-nafs*), protection of mind (*Hifz al-AQL*), protection of the family and heredity (*Hifz al-nasl*), and the protection of wealth or material (*Hifz al-mal*). Some experts *Usul Fiqh* add one more element, namely the protection of the honor (*hifz al-IRD*) in addition to the five elements above. These five elements must be fulfilled, if not fulfilled one or unbalanced fulfilled then the happiness of life will not be achieved perfectly.

b) Hajiyah (Secondary / Pleasure or Comfort)

The situation where if a need can be fulfilled, then it could add to the value of human life. It can increase the effectiveness, efficiency and value added (value added) for the activities of human life. It is also necessary to realize the convenience and eliminate the difficulties that can cause danger and a threat, that if something should there be no. *Hajiyah* also means compliance to the needs of the secondary or as a complementary and supporting human life. Compliance with *hajiyah* levels would be protective against *dlaluriyah* levels.

c) Tahsiniyah (Tertiary / Luxury)

The condition of someone who has been at this level indicates that he has been able to meet the needs that can increase satisfaction in life. *Tahsiniyah* also commonly known as tertiary identical to the needs that are approaching the luxury. This level is not likely to add to the effectiveness, efficiency and added value for human life activity. *Tahsiniyah* own means doing good habits and avoid bad things according to human common sense.

Need to underline that the purpose of economic activity in Islamic economics is to sufficient the needs, not to satisfying the unlimited needs. The distinction between needs (needs) and desire (wants) apparently seem

trivial but it has enormous consequences in economics. This distinction will show the differences between Islamic economics and conventional economics. Therefore, every Muslim should be able to distinguish between needs (needs) and desire (wants) so as to avoid actions *tabdzir* (expenditure which is prohibited in terms of quality) and *israf* (expenditure which is prohibited in terms of quantity).

3. RESULT

Islamic economic system is different from the conventional economic system is fundamentally in terms of his world view. The world view of the differences resulted in differences in the behavior of the adherents of each system. It also affect the consumption behavior differences in the two economic systems. In the conventional economic system, there is no difference between needs and wants. Consumption according to conventional economic perspective is the greatest goal of human life. Each person is given unlimited freedom in conducting the consumption of goods and services he wants. Freedom without this limit will further encourage consumers to enter into the culture of consumerism. Growth and development of a culture of consumerism in conventional economic systems, resulting in a crisis of resources in the future because of the resources they have consumed for the present. Consumption behavior that is only concerned with current consumption resulted in the survival of the next generation is threatened. The concept of intertemporal consumption in conventional economics is limited to one generation and not paying attention to the sustainability of the next generation.

Islamic economic system provides an understanding that the consumption activities only as a means of recourse for added strength in worship to Allah SWT. This system distinguishes between needs and wants. In addition, this system also teaches moderation in the consumption activities. The purpose of the consumption activity that is simple and not excessive is that one generation is not greedy and spend a sustenance just to satisfy his desires in a single period, leaving them without the wealth to the next generation. The current generation must think about the condition of the next generation. Intertemporal consumption concept in Islamic economics is not just about consumption at the current generation, but also

intertemporal consumption intergeneration. Instrument inheritance is the result of hard work given by the previous generation to the next generation as a life provision. This instrument is the hallmark of which is owned by Islamic economics as a form of Islamic economic attention to the sustainability of the next generation is not owned by conventional economics.

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