

CHAPTER I

A. BACKGROUND OF STUDY

The recent discussion of economic problems has become the most consistent trending topic that adorns television screens, print media, online media, or is a topic of debate among students. This is inseparable from the complexity of the problems that exist in the economic system itself. It is certain that every day there is a discussion about the emerging economy, and it is almost impossible for people not to discuss economic problems. Because in reality humans cannot live without thinking about economic matters.

In Islam, people do not only focus on the afterlife but also the world affairs. Then it can be ascertained that there will be no human beings apart from the economy, such as the need for food, clothing and shelter. To maintain themselves in order to stay alive, humans need real action to get their needs. Whether it is primary, secondary or tertiary needs, humans need help from others to get it because humans are social beings who cannot live alone, but need the help of others.

Farmers cannot only eat the rice they produce, the farmers cannot only eat the meat of the animals they care for, the tailors also need to eat, and so on. And this kind of fact at the beginning of human life known as barter, barter is a system of exchange where participants in a transaction directly exchange goods or services for other goods or services without using a medium of exchange, such as money.¹

Tailors, blacksmiths, builders, and various other professions remain able to survive with the help of farmers, and other food producers so that they avoid hunger. Conversely, farmers, breeders, and others can survive the weather and temperature by having a house to live in which is assisted

¹ O'Sullivan, Arthur; Steven M. Sheffrin. *Economics: Principles in Action*. (New Jersey: Pearson Prentice Hall ,2003). p. 243.

by builders, and wearing clothes to warm the body with the help of tailors.

In the beginning of the barter process, ordinary people exchanged 1 kg of rice with one chicken, or one shirt was exchanged for some household furniture. In this phase, it runs smoothly until the phase where humans begin to tend thinking of an imbalance between the items they exchange and the items they get. So that a new exchange tool appeared in the form of gold, which indeed when it was even up to now gold was very valuable. But the economic problems lately are getting warmer and stickier.

If we draw to the past, starting from the emergence of the industrial revolution in England in the 1760s with the discovery of automatic looms supported by James Watt's² invention of steam engines, then France, America and even extended to the whole world until now. Then a global economic crisis that began in 1797 to 1800 due to the deflation of the Bank of England, Black Monday events on October 19, 1987, the Southeast Asian monetary crisis in 1997, the ruble crisis of 1998, to the case of bank century that occurred in Indonesia.³

The increase in the price of goods is the effect most felt by the poor. Previously, Rp.50,00 included a large amount, but now with Rp. 5.000,00 just cannot get anything. The drop in the rupiah exchange rate was also felt by all groups in Indonesia which up to now reached Rp. 16.154,00 per US dollar.⁴

If drawn back, During President Soekarno's administration, the rupiah had a range of Rp.1,00 per US dollar (USD). The nominal size is in line with Indonesia which is not accustomed with the free market system. Then when Indonesia was led by President Soeharto, the rupiah exchange rate began to crawl and the assumption was set at Rp. 2.000,00 per USD.

In addition, it was recorded in history that Suharto had to step

² <https://www.egr.msu.edu/~lira/supp/steam/wattbio.html>, Retrieved 22nd of September 2018

³ <https://economy.okezone.com/read/2018/06/06/20/1907165/>. Retrieved 22nd of September 2018.

⁴ <https://www.xe.com/currencyconverter/>. Retrieved 16th of September 2018.

down and take the reins of leadership held by President Bacharuddin Jusuf Habibie. In the hands of President Habibie, the rupiah exchange rate was successfully suppressed from tens of thousands to reach the level of Rp. 6.500,00 per USD.

Unfortunately, Habibie's achievements did not last long because the rupiah exchange rate slowly weakened and had to touch Rp. 15.000,00 per USD in the era of President Gus Dur's administration. Then, during the administration of President Megawati Soekarno Putri, the rupiah exchange rate stabilized in the range of Rp. 8.000,00 per USD.

Over time, fluctuations had been continuing after Susilo Bambang Yudhoyono (SBY). The rupiah exceeded Rp. 10.000,00 per USD to Rp. 12.900,00 per USD.⁵ Until this writing was made, the Indonesian President was replaced by Joko Widodo (Jokowi), who served for the 2014-2019 period. When President Joko Widodo took office, the rupiah exchange rate tended to decline, reaching a peak of Rp. 15.000,00 per USD. This is the lowest point of the rupiah exchange rate in the last ten years.

With the global economic system as it is today, it is evident that there is a very striking economic gap. The rich will get richer, while the poor will get poorer. If this continues to occur, it will have a negative impact on the global economy. In its report, Oxfam stated the wealth of the four richest billionaires in the archipelago, high from the total wealth of 40 percent of the poor - or around 100 million people. Indonesia is in the top six countries with the highest economic inequality in the world. In 2016, one percent of the richest people had almost half (49 percent) of total population wealth.⁶

In short, to this day the world economy has been monopolized by a few people. Many people feel they have been aggrieved, but they do not know what to do. This has an effect on increasingly unequal social inequality, the rich get richer, and the poor get poorer. Until several groups of people

⁵ <http://ekonomi.metrotvnews.com/analisa-ekonomi/IKYEE8JK-jejak-rupiah-dari-masa-ke-masa>. Retrieved 22nd of September 2018.

⁶ <https://www.dw.com/id/di-indonesia-kekayaan-4-orang-terkaya-setara-kekayaan-100-juta-penduduk-termiskin/a-37688128>. Retrieved at 22nd of September 2018.

emerge, such as the upper class (elite), middle class, and low class (poor).

This is the concern of the author to explore how the world economy can be as it is today. It must be inseparable from the economic systems carried by several experts and experts in the economic field. Because the most visible aspect of Indonesia's current economic confusion is the decline of the rupiah exchange rate against the US Dollar, thus making prices of staple goods and other goods uncontrollable.

As a Muslim, the author is very confident that Islam is the perfect religion. And Islam regulates all aspects of human life from ancient times until the end of the world. Everything in this life has a perfect order in Islamic religion. Islam is perfect without needing to be added or reduced.

If we trace historical records and thoughts in economic studies, then we will find studies and treasures of Muslim intellectuals that provide extraordinary scientific contributions, among them are Imam al-Ghazali, Ibn Khaldun, Ibn Taymiyyah, al-Magrizi, etc. And if we see some of their views and thoughts in the economic field, both macro and micro are classified as very diamond figures. But his ideas in the economic field were almost completely forgotten. Whereas we if observed carefully then it will be found that their thoughts in the economic field will give the impression that they are no less special with western economic figures such as Adam Smith, Thomas Robert Malthus, David Ricardo and several other figures which so far dominates in today's economic studies.⁷

Now we find many problems that occur in our economic system because of several things, such as the practice of usury which is very burdensome to the poor and benefit the rich so that there are social inequality and inequality. rich people get richer, and the poor get poorer. Plus, we often find other problems such as counterfeiting money, as in 2016 in Semarang the police confiscated a fake Rupiah worth Rp. 600 million ready for

⁷ Muhamad Masrur, "Diskursus uang dalam kitab ihya' ulum al din karya al-ghazali", *Research Journal, Pusat Penelitian dan Pengabdian Kepada Masyarakat Sekolah Tinggi Agama Islam Negeri Pekalongan, Vol. 14, No. 1 2017., p. 90.*

circulation. Officials of the Indonesian National Army, teachers and students were also involved in the syndicate of counterfeiting the Rupiah.⁸

Thus, the researcher finds it very urgent to find out about the similarities and the differences between Al-Ghazali's and Ibn Khaldun's thought as they are mentioned as the most influenced Islamic thinkers who concerned in money and its function. Their works are very phenomenal, and until now has become a reference for Islamic economic figures, even conventional economic figures. Wishing this study will give a new perspective of developing concept of money and its function in Indonesia. Until it is expected to be able to raise the rupiah exchange rate against the US dollar, and social inequality is decreasing in the future.

Al-Ghazali is known by father of philosophy. And He has studied from many teachers in his whole life. His thought about Money was deep, and clear, even to the point. And Ibn Khaldun, his knowledge is very wide. And many of people called him as father of Sociology, father of historiography, and also father of Economic. "Muqaddimah", is most famous from his works.

Mark Zuckerberg explains his latest book-club pick on his personal Facebook page:

"It's a history of the world written by an intellectual who lived in the 1300s. It focuses on how society and culture flow, including the creation of cities, politics, commerce and science. While much of what was believed then is now disproven after 700 more years of progress, it's still very interesting to see what was understood at this time and the overall worldview when it's all considered together."⁹

Not only Mark Zuckerberg, but also the British historian Arnold Toynbee described it "as undoubtedly the greatest work of its kind that has ever yet been created by any mind in any time or place." These are pretty

⁸ <https://www.seputarforex.com/artikel/rupee/lihat.php?id>. Retrieved at 8th of December 2018.

⁹ <https://www.businessinsider.com/mark-zuckerberg-the-muqaddimah>. Retrieved at 15th of April 2020.

unusual encomia for a 14th-century North African historian—but then Ibn Khaldun was an unusually gifted man.¹⁰

Ibn Khaldun’s theories about various scientific studies are revolutionary findings that are recognized before and at the same time referenced by great thinkers of the world, such as Adam Smith (1723-1790), Max Weber (1864-1920), Arnold Y. Toynbee (1889-1975), etc. A legacy that made him recognized as the Father of Social Sciences, Economics and History. Not only important for academics, this book is also important for policy makers and business people. The 40th US President, Ronald Reagan, was noted to have successfully overcome inflation in America because of this book.¹¹

The author feels it is important to examine this to find a meeting point, how the money should function so that the economic condition of Indonesia, even the world becomes more stable. from the background above, the author gives this title “**Money and Its Function according To Al-Ghazali’s and Ibn Khaldun’s thought (Comparative Study)**”.

B. FORMULATION OF THE PROBLEM

Based on the background above, the writing of this thesis will be based on the formulation of the problem, namely:

1. What is Al-Ghazali’s and Ibn Khaldun’s concept about money and its functions?
2. What are the similarities and differences between Al-Ghazali’s and Ibn Khaldun’s thought about money and its functions?

C. PURPOSE OF STUDY

According to the problem and the statement, the researcher divides the purposes of this study, there are:

¹⁰ <https://www.prospectmagazine.co.uk/philosophy/ibn-khaldun-the-man-who-invented-modern-history>. Retrieved at 15th of April 2020.

¹¹ <https://tuospustaka.com/terjemahan-muqaddimah-ibnu-khaldun-versi-terlengkap-dan-terbaik/>. Retrieved at 15th of April 2020.

1. To know Al-Ghazali's and Ibn Khaldun's concept of money and its functions.
2. To know the similarities and differences between Al-Ghazali's and Ibn Khaldun's thought about money and its functions.

D. SIGNIFICANCE OF STUDY

The significance of this study is divided into theoretical and practical:

1. Theoretical Significance
 - a. To contribute the study of Islamic economics, especially in money and its function according to Al-Ghazali and Ibn Khaldun.
 - b. To give the new proposition about money and its function according to Al-Ghazali and Ibn Khaldun.
 - c. To give a view about the real money and its function according to Al-Ghazali and Ibn Khaldun.
2. Practical Significance
 - a. To point out the definition of money in their perception.
 - b. To point out the function of money according to Al-Ghazali and Ibn Khaldun.
 - c. To encourage Muslims the importance of money.
 - d. A fulfillment of requirements for the degree of Syariah Faculty in the study of Law of Islamic Economics Department of Darussalam University.

E. LITERATURE REVIEW

To come into fundamental solution, the researcher explains and shows some books and journal concerning with the title of this research.

Lilik Rahmawati journal of *maliyah*, entitled "*Konsep Ekonomi Al-Ghazali*". conclude that Al-Ghazali based his economic concept on that of sufis since at the time the riches and the official governments were full of prestige to accept the fiqh (Islamic jurisprudence) and philosophical approach. Muslim economists have more contributions to economic

development not only in Islamic environment, but also conventional economy. The difference with my thesis is more specifically to Al-Ghazali's and Ibn Khaldun's thought about money and its function.¹²

Soritua Ahmad Ramdani Harahap, Postgraduate program at UNIDA Gontor in *Laa Maisyir* journal, entitled "*Pemikiran Imam Al-Ghazali Tentang Fungsi Uang*". Explained that the function of money according to al-Ghazali is clear to be a unit of calculation and a medium of exchange for non-commodity activities and others as they already have in dinars and dirhams. So in Islam, the activity of hoarding money and misusing the function of money is not justified and is contrary to the main function of money itself. The difference with my thesis is more focus in comparison study about money and its function according to Al-Ghazali's and Ibn Khaldun's thought.¹³

Jalaluddin, Nahdlatul Ulama Association of West Java Scholars, in his journal entitled "*Konsep Uang Menurut Al-Ghazali*". Explained that money is a favor of Allah that is used by the community as a mediation or a tool to obtain the various needs of his life, which has substantially no value whatsoever, but is needed by humans in an effort to meet various kinds of life needs. The similarity with my research is that both study money according to al-Ghazali, but the author will compare the thoughts of al-Ghazali with ibn khaldun in more detail.¹⁴

Ain Rahmi, 2018. *Al-Maslahah* Journal, Vol. 14, No. 2, under the title "*Pandangan Ibnu Khaldun Terhadap Nilai Uang Dalam Sektor Moneter*". Explained that The concept of money according to Ibn Khaldun is that money is what is used by humans as a standard measure of price values, medium of exchange transactions and deposit media. Khaldun

¹² Lilik Rahmawati, 2012. "*Konsep Ekonomi Al-Ghazali*" (malayah journal, vol. 02, no. 01). p. 329.

¹³ Soritua Ahmad Ramdani Harahap, 2019. "*Pemikiran Imam Al-Ghazali Tentang Fungsi Uang*". *Laa Maisyir*, Vol. 6 No. 1, p. 1.

¹⁴ Jalaluddin, "*Konsep Uang Menurut Al-Ghazali*" *Asy-Syari'ah* Journal Vol. 16, No. 2, Agustus 2014., p. 176.

explained that gold and silver are the reference value of money, meaning that money does not have to be made of gold and silver, but the issuance of money must be in accordance with the value of assets (reserves) owned by the government. the difference with my research is to focus more on comparisons of Al-Ghazali's and Ibn Khaldun's Thought about money and its function.¹⁵

Choirul Huda, 2013. IAIN Wali Songo Semarang, in *Economica journal*, Vol. 4, No. 1, Mei 2013, entitled "*Pemikiran Ekonomi Bapak Ekonomi Islam; Ibnu Khaldun*". Explained on currencies , Ibn Khaldun predicts that both will be taking place in the world 's most important economy , namely : first , becoming exchanger and price measures , as the value of the business (*makasib*); secondly, a means of transportation , such as deviezen (*qaniah*); and third , an instrument deposits in banks (*zakhirah*). The difference with my research is comparing the thinking about money according to Al-Ghazali and Ibn Khaldun so that it seems clear as to whether the concept of money is according to them.¹⁶

F. THEORETICAL FRAMEWORK

This research use historical approach, which is the way to do a research by taking a note of the substance place, time object, and background and subject phenomenon according to Islamic economics scientist. In addition, here, the researcher intends to analyze their thought, especially in money and its function. As for this chapter, the researcher gives the title - Money and Its Function according To Al-Ghazali's and Ibn Khaldun's thought (Study Comparative).

There are two variables that will be raised in this research based on the title above, both are; money and function of money.

¹⁵ Ain Rahmi, "*Pandangan Ibnu Khaldun Terhadap Nilai Uang Dalam Sektor Moneter*" journal *Al-Maslahah*, Vol. 14, No. 2, October 2018., p. 273.

¹⁶ Choirul Huda, 2013. "*Pemikiran Ekonomi Bapak Ekonomi Islam; Ibnu Khaldun*" *Economica journal*, Vol. 4, No. 1, Mei 2013. p. 103.

1. Money

According to *Munjid*, money is "ما يعطي من الثمن معجلاً". What gives the price of an accelerator. In Islamic terminology, money is defined in language as *nuqud*. Etymologically, the definition of *nuqud* has several meanings: a) *Al-Naqudu*: good from *dirham*, said *dirhamun naqdun*, that is good. this is nature. b) *Al-Naqudu*: Distinguishing *dirhams* and removing fake ones. c) *Al-Naqudu*: Cash, opponents delay, which gives immediate payment. In the Jabir hadith: "*Naqadani al-Tsaman*".¹⁸

The word *nuqud* is not found in the Quran or the hadith of the Prophet ﷺ. Because Arabs generally do not use the word *nuqud* to show prices. They use the term *dinar*¹⁹ to show a currency made of gold, and the word *dirham* to indicate a currency made of silver. They also use the word *wariq*²⁰ to show silver *dirhams* and the word '*ain*²¹ to show gold *dinars*. While the word *fulus*²² (copper money) is an additional medium of exchange used to buy cheap goods.

The words of *dinar*, *dirham* and *wariq* are found in the Quran and Hadith. Allah said in His Quran:

وَمِنْ أَهْلِ الْكِتَابِ مَنْ إِنْ تَأْمَنَهُ بِقِنطَارٍ يُؤَدِّهِ إِلَيْكَ وَمِنْهُمْ مَنْ إِنْ تَأْمَنَهُ
بِدِينَارٍ لَا يُؤَدِّهِ إِلَيْكَ إِلَّا مَا دُمْتَ عَلَيْهِ فَإِنَّمَآ ذَلِكَ بِأَنَّهُمْ قَالُوا لَيْسَ عَلَيْنَا
فِي الْأُمِّيِّينَ سَبِيلٌ وَيَقُولُونَ عَلَى اللَّهِ الْكَذِبَ وَهُمْ يَعْلَمُونَ²³

¹⁷ لويس معلوف, المنجد في اللغة. (المطبعة الكاثوليكية - بيروت: ٢٠١٠) ص. ٨٣٠
¹⁸ . ص. ١٠٩ مسلم, كتاب المساقاة

¹⁹ *Dinar* comes from the roman word. *Denarius*, the name for gold prints. See Anestas al-Kramly, *al-Nuqud al-Arabiyyah wa al-Islamiyyah, wa ilmu al-Nammiyyat, al-Markaz al-Islamy Li Thiba'ah wa al-Nasyr*, 1987. p. 30.

²⁰ *Wariq* name for Dirham's print. *Ahmad al-Fayumi, Ibid. p. 903.*

²¹ *Al-'Ain* name for Dinar's print. *Ahmad al-Fayumi, Ibid. p. 602.*

²² *Fulus* coins printed from copper, Muhammad Farid Wajdi, *Da'irat Ma'arif al-Qarni al-'Isyriin, Dar al-Ma'rifah*, Beirut.p. 403.

²³ Q.S : Ali Imran: 75

And among the People of the Scripture is he who, if you entrust him with a great amount [of wealth], he will return it to you. And among them is he who, if you entrust him with a [single] silver coin (Dinar), he will not return it to you unless you are constantly standing over him [demanding it]. That is because they say, “There is no blame upon us concerning the unlearned.” And they speak untruth about Allah while they know [it].

the word *dinar* (دينار) is only mentioned once in the Qur’an. that is in the Sura Ali Imran verse 75. in this verse, in addition to mentioning the *dinar* as a certain currency unit for measuring the value, also as a store of value.

وَشَرُّهُ بِثَمَنٍ بَخْسٍ دَرَاهِمَ مَعْدُودَةٍ وَكَانُوا فِيهِ مِنَ الزَّاهِدِينَ^{٢٤}

“Then they sold him for a paltry price a few dirhams. And they did not expect a big price for him.”

the word *dirham* is also only mentioned once in the Qur’an. that is in Surah Yusuf verse 20. In this verse, it is clear that the *dirham* is used as a means of buying and selling transactions.

And sure enough, at this time even for a long-time *dirham* and *dinar* (in this case gold and silver in general) were of no use. The system that was previously implemented, namely the necessity of a balance between banknotes issued and the amount of gold deposits in the bank, is no longer valid. The amount of money that is printed does not care about the amount of gold available. Thus, causing many complex problems.

Starting from inflation, deflation, social inequality, the existence of bankers who control the country, the imbalance of currency exchange rates of various countries in the world. Which will lead to the potential for a super power state and a colonial state because it has too much foreign debt. All these things happen

²⁴ Q.S: Yusuf: 20.

because the original money function is no longer valid.

2. The Function of Money

The concept of money in Islam is very different from conventional economics. Basically, it because the principles of Islam are based on the Qur'an and Hadith. Allah is the exclusive and supreme Owner of everything.²⁵ It should be used and invested wisely and in accordance to the Sharia - the Laws of the Creator.

According to history and according to the Sunnah, Islam only recognizes commodities with intrinsic value as money. Conventionally the value of money is stored in commodities and cannot be obtained outside of commodities. hence, individuals cannot sit in front of computers and manipulate the value of money arbitrarily as is the case at this time. only recognized commodities still have value in themselves and can still act as money.

These include gold (*Dinar*), silver (*Dirham*); rice, dates, wheat, barley and salt to which *bay al salam* is prohibited. Individuals could enjoy the usufruct in the commodities listed and still use the items as commodity money.

According to Islamic economic principles and contrary to conventional concepts, money has no intrinsic value, but is only a medium of exchange and store of value. Money cannot be traded or leased to produce and create "surplus value by itself".²⁶ Therefore, money in Islam can only be exchanged for goods or services. Money cannot be exchanged or traded directly with money also unless the exchange is spontaneous. Money only becomes a capital when combined with other factors of production.

²⁵ John R. Presley & John G. Sessions, *Islamic Economics: The Emergence of a New Paradigm*, The Economic Journal, Vol. 104 (United Kingdom: Loughborough University of Technology, 1994); p. 584.

²⁶ M. Kabir Hassan & Mervyn K. Lewis, *Handbook on Islam and Economic Life*, Edward Elgar Publishers (2015). p. 25.

Money, by itself, has no opportunity cost.²⁷ A creditor cannot lend money and expect compensation to part with their money during a certain credit period. Thus, only investors who are partners, by taking risks, in commerce earn reward but not mere passive lenders.

Islam totally negates the idea of time value for money.²⁸ This is so especially when the time value for money is made the central element of lending.

The concept of money in Islam is summarized as²⁹:

- a. Money has no intrinsic value but only a medium of exchange.
- b. All units of money of the same denomination are 100% equal to each other.
- c. The transactions of sale and purchase of commodity can only be affected on an identified and specific commodity.
- d. Money has standard of value which measures the relative different goods and services.

G. RESEARCH METHOD

There are some things need to be discussed related to the research methods used in this study, there are as follows:

1. Types of Research

This research is included in the biographic research, because research is conducted to find, analyze, and make the interpretation and generalization from the fact and the ideas that have been written by the thinkers and experts.³⁰ In this case, Ibn Khaldun and Al-

²⁷ Shafiel A. Karim, *The Islamic Moral Economy: A Study of Islamic Money and Financial Instruments*, Brown Walker Press (2010). p. 108.

²⁸ Zaharuddin Abd Rahman, *Money, You & Islam; Views on Contemporary Financial & Islamic Banking Issues*, True Wealth Sdn Bhd; 1st edition (2008). p. 43.

²⁹ Ziauddin Ahmad, *Money and Banking in Islam*, New Era Publications (1983). p. 29.

³⁰ Moh Nazir, *Metode Penelitian*, (Jakarta: Ghalia Indonesia, 1988), p. 62.

Ghazali are mentioned as the most influenced Islamic thinkers who concerned in money and its function. In addition, in terms of place, this research was a library research.³¹

2. Research Approach

The approach used in this study is historical.³² Historical approach is used to obtain data on the thought of Ibn Khaldun's biography and Al-Ghazali.

3. The Method of Data Collection

This research used the method of documentation, which is seeking the preparation of materials obtained from writing, pictures, or monumental work of a certain person. The writing document includes daily note, life histories, stories, biography, regulations, and policy.³³ As for relating to this serve, the primary sources are the book of Ibn Khaldun entitled *Muqaddimah* and the book of Al-Ghazali entitled *Ihya' Ulumuddin*.

Secondary sources are books related to the object of research, such as, *Ekonomi Islam*, written by Lecturer of Islamic economics, Islamic University of Indonesia, Yogyakarta, and researcher of Centre for Islamic Economics Development and Studies (P3EI) Faculty of Economics, Islamic University of Indonesia; *Tokoh-Tokoh Ekonomi Paling Berpengaruh*, written by Marie Kertajaya, *Mikro Ekonomi Teori Pengantar* third edition, written by Sadono Sukirno; *Ekonomi Makro Islami*, written by Ir. Adimarwan A. Karim, S.E., M.B.A., M.A.E.P.; *Sejarah Pemikiran*

³¹ *Ibid*, p. 54.

³² Suharsimi Arikunto, *Prosedur Penelitian Suatu Pendekatan Praktik*, Revision Edition 2010, (Jakarta: Raneka Cipta, 2010), p. 121.

³³ Sugiono, *Memahami Penelitian Kualitatif*, (Bandung: CV. ALFABETA, 2012), p. 82.

Ekonomi Islam Dari Masa Klasik Hingga Kontemporer, written by DR. Euis Amalia, M.Ag, *Mata Uang Islami, Telaah komprehensif Sistem Keuangan Islami (translated from “al-Auraq al-Naqdiyah fi al-Iqtishad Al-Islamy (Qimatuha wa Ahkamuha)”*, written by Dr. Ahmad Hasan; And other books that discussed about money and its function.

4. Data Analysis Method

Methods of data analysis used in this study are:

- a. Inductive Method, which depart from fission and special style that applies to the characters thought better understood then the general conclusion. It is a method with drawl of conclusion, which begins from declaration or special fact to general conclusion.
- b. Deductive Method, namely collecting, analyzing, and researching data that are common to a conclusion of a special nature.
- c. Analysis Descriptive Comparative, the researcher uses this method to compare between Ibn Khaldun’s thought and Al-Ghazali’s thought especially in concept of money and its function, and to find out the similarities and differences between both.³⁴

H. SISTEM OF STUDY

In order to make this study systematically arranged and produced, this research is divided into several sections, which can be described as follows:

Chapter One, Introduction. Describe the background of the problem

³⁴ Suharsimi Arikunto, *Prosedur Penelitian....* p. 310.

being evaluated in research problem formulation; purpose and significance of study; theoretical framework; literature review; research methods and system of study.

Chapter Two focus on discussing about general view of Ibn Khaldun's and Al-Ghazali's biography and their works. This chapter discusses three main topics. The first part explains the general view of money and its function. The second part tells about the biography of Ibn Khaldun and his works. The third part tells about the biography of Al-Ghazali and his works, and their thought about economy.

Chapter Three is talking about the comparison between Ibn Khaldun's and Al-Ghazali's concept in money and its function.

And Chapter Four is closing, including conclusion, and recommendation.