

A Comparison of the Economic Thought of Adam Smith and Al-Ghazali and Its Adaptation to the Creative Economy in Indonesia

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<p>Abstract: This study aims to compare Adam Smith's classical economic thinking with al-Ghazali's Islamic economic thinking and its acclimatization with the creative economy in Indonesia. The research methodology uses library research. The results of the research provide an explanation of Adam Smith's thoughts on the essence of human greed, the free market mechanism, the invisible hand, value theory, division of labor, and welfare. In contrast, al-Ghazali's thoughts focus on the concepts of mashlahah, voluntary exchange and market evolution, production activities, the urgency of zakat and the prohibition of usury, barter and the evolution of money, to the capacity of the state and public finance. Al-Ghazali's thoughts are adapted to the situation and conditions of the creative economy in Indonesia. The global and Indonesian creative industries contribute to growth but also face challenges. The implications of this research emphasize that the principles put forward by al-Ghazali can be practiced in the context of the creative economy and</p>	<p>Abstrak: Penelitian ini bertujuan untuk mengomparasikan pemikiran ekonomi klasik Adam Smith dengan pemikiran ekonomi Islam al-Ghazali serta aklimatisasi dengan ekonomi kreatif di Indonesia. Metodologi penelitian menggunakan studi kepustakaan (<i>Library Research</i>). Untuk hasil penelitian memberikan penjelasan, pemikiran Adam Smith tentang esensi manusia sebagai serakah, mekanisme pasar bebas, invisible hand, nilai teori (<i>value theory</i>), pembagian kerja, dan kesejahteraan. Berbeda dengan pemikiran al-Ghazali, tentang konsep mashlahah, pertukaran sukarela dan evolusi pasar, kegiatan produksi, urgensi zakat dan larangan riba, barter dan evolusi uang, hingga kapasitas negara dan keuangan publik. Pemikiran al-Ghazali disesuaikan dengan situasi dan kondisi ekonomi kreatif di Indonesia. Industri kreatif global dan Indonesia berkontribusi pada pertumbuhan, serta memiliki tantangan. Implikasi penelitian ini menekankan prinsip-prinsip yang</p>
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free it from the classical economic system that hinders the creative industry.

Keywords: Adam Smith; Al-Ghazali; Creative Economy in Indonesian.

dikemukakan oleh al-Ghazali dapat dipraktikkan dalam konteks ekonomi kreatif dan membebaskan dari sistem ekonomi klasik yang menghambat industri kreatif.

Kata Kunci: Adam Smith; Al-Ghazali; Ekonomi Kreatif Indonesia.

A. Introduction

Broadly speaking, economic thought has always evolved and adapted across different eras and regions. In the modern era, earlier economic theories have been integrated into economic systems. This is the case in Indonesia, where the government does not fully control the market but intervenes in specific circumstances and at certain times. Among the general public, one economic system still practiced in many countries is rooted in the ideas of Adam Smith. Before him, there were many economic thinkers. Starting from the era of ancient Greece with the presence of Plato, Aristotle, and Zeno; the era of Muslim scholars such as Ibn Khaldun; the Scholastic era such as Thomas Aquinas; the era of Mercantilist thought such as Antonio Serra and Von Hornick; to the Physiocratic era such as Montesquieu, Voltaire, and Cantillon (Dr. Muhammad Hasan, et. al 2020). One of Adam Smith's economic ideas relates to the principle of *laissez-faire*, under which the government has no right or minimal authority to intervene in the market system (Ridan Muhtadi, et. al 2023).

In addition to classical-era economic thinkers, Muslims have also contributed to economic thought through prominent Muslim scholars. One of them is Imam Al-Ghazali. One of Al-Ghazali's ideas regarding Islamic economics pertains to consumption, in which spending is divided into two categories: extravagance and frugality (Abdul Qoyum, et. al 2021). These two aspects of Islamic economic thought stand in contrast to the views of Western economic thinkers. This is because, in terms of paradigm, the Islamic economic approach is based on two sources: *naqli* and *`aqli*. The

naqli approach is derived directly from the Qur'an and the Sunnah, while the 'aqli approach refers to ijma and qiyas (Azharyah Ibrahim, et. al 2021). This distinction is a crucial aspect that distinguishes Islamic economic thought from Western economic thought.

Islamic economic thought is not merely an alternative in economic practice, but rather a solution and the primary foundation for driving the Islamic economy. In the use of wealth, Islamic economics provides guidance for well-being through the following two approaches (Irwan Misbach 2020):

1. *Min haysul wujud*

That is, by ensuring that all economic activities undertaken by every individual bring blessings and prosperity—whether it be starting a business, the strategies implemented, business management, or the profits earned. All of these contribute to the well-being of all parties.

2. *Min haysul adam*

That is, by avoiding economic actions that cause damage or loss—whether to individuals or to the many people involved.

Anyone who possesses wealth should use it wisely. In Islamic economics, the wise use of wealth must benefit many people and avoid economic actions that lead to harm. This is because poor financial management not only harms an individual's finances but also harms many people.

The academic focus of this article lies in comparing a Western economic thinker with an Islamic economic thinker. Many current economic phenomena still draw upon classical economic thought, such as that of Adam Smith. Historically, however, Islamic economic thought—as exemplified by al-Ghazali—has contributed to the development of Islamic economic concepts that promote a sense of justice and collective well-being. One source of economic growth that is currently expanding is the creative economy. This sector is experiencing growth in various countries, including Indonesia. The

creative industry contributes to growth and absorbs a significant workforce, a fact that has not yet received much attention from many parties. Current developments and significant potential must become an important part of economic growth. Examples of creative industries with significant growth potential include film, digital advertising, content creation, performing arts, and so on.

B. Research Method

This study employs a qualitative approach using a literature review method to explore the economic theories of Adam Smith and al-Ghazali and their adaptation to the Indonesian trade system. Data collection was conducted by gathering secondary data from various books, journals, academic works, and other materials relevant to the study. Data analysis was conducted in several stages. First, the identification of Adam Smith and al-Ghazali's economic concepts. Second, the categorization of data based on the main themes examined. Third, the interpretation and theoretical analysis of related concepts, linking them to current economic phenomena, and analyzing their implications in a contemporary context. Fourth, highlighting disparities and proposing the best solutions within economic mechanisms.

C. Results and Discussion

The classical school of economics emerged in the late 18th and early 19th centuries, coinciding with the Industrial Revolution (Dr. Subhan Purwadinata, & Dr. Ridolof Wenan Batilmurik 2020). During that era, European societies, which had previously relied on an agrarian system, shifted to a machine-based system as the production mechanism in many factories (Mutiarawati Fajariah & Djoko Suryo 2020). The views of classical economic theory were essentially an extension of earlier ideas, though not all of them drew on pre-classical theories. Such as hedonism, which was derived from Plato's ideas (Dr. Hj. Nurul Setianingrum 2023). One of the leading figures in classical economic thought was Adam Smith. Born in Scotland in 1723, he

authored a famous work titled *The Wealth of Nations* (Aghnia Wulandari 2024). Smith's ideas share similarities with those of François Quesnay, one of the leading economic thinkers of the Physiocrat school. Both held the view that the factors of production of goods and services are the foundation of trade and national prosperity (Marissa Ulfa, et. al 2025). This line of thought emerged as a critique of Mercantilist economic thought. In the Mercantilist economic system, economic interests were oriented toward exports while minimizing imports of goods from abroad (Dr. Hj. Nurul Setianingrum 2023). However, Smith and Quesnay held differing views. The Physiocrats believed that a nation's prosperity was determined by agricultural factors, whereas Smith believed that prosperity was determined by human beings themselves (Dr. Muhammad Hasan, et. al 2020). By focusing on human development, wealth would be maximized without government intervention. This was viewed as a form of human greed to accumulate wealth without limits.

In this modern era, economic systems have undergone significant changes. Advances in technology and digitalization have also had an impact on the economy. However, Adam Smith's ideas are still relevant in many countries, such as the law of supply and demand. Under the concept of the law of demand, the price of a good or service is determined based on customer desire, ability, and willingness. As demand for goods or services increases, price hikes become inevitable (Aghnia Wulandari 2024). This is because there are constraints within the economic system. As for the concept of the law of supply, producers will determine the quantity of goods or services to be offered at a specific price limit or condition (Aghnia Wulandari 2024). If more goods or services are produced, the offered price will become more affordable for consumers. The mechanisms of the laws of supply and demand will continue to change, based on the availability of goods or services, as well as the level of customer demand. At a certain point, this will result in a price equilibrium for both goods and services.

Unlike Adam Smith, who lived during the Industrial Revolution, Abu Hamid Muhammad ath-Thusi al-Ghazali—known as Imam al-Ghazali—lived during the Abbasid Dynasty, specifically under the Seljuk Empire in the 11th century CE. The Seljuk Empire began as a small tribe in a rapidly developing region of Turkey and went on to rule across the world during the Middle Ages (Ridan Muhtadi, et. al 2023). This era marked a turning point in Islamic progress, following a period of decline in the 10th century CE. This progress was reflected in the political and social spheres, though not to a very significant extent (Iskandar Fauzi, et. al 2019). Imam al-Ghazali was born in the year 450 AH (1058 CE) in Ghazal, Thusi, in the province of Khorasan, Iran. Before becoming a prominent scholar, al-Ghazali received his early education in Thus, Jurjan, where he studied under Imam Abu Nashr al-Ismaili and authored the book *at-Ta`liqat* (Kemal Budi Mulyono 2021). His thoughts on Islamic economics are expounded in several works, such as *Ihya `Uluumiddin*, *Kimiya as-Sa`adah*, *al-Adab fid Diin*, and others (Zainal Arifin, et. al 2024). One of the concepts he developed pertains to socio-economic issues. In his view, the function of social welfare is a concept that encompasses all human behavior or actions and is strongly linked to the relationship between the individual and the public (Muhammad Sultan Mubarok 2021). For in truth, the life of an individual is interconnected with many others. Where there is welfare, it becomes one of the social and economic values.

Broadly speaking, the capitalist economic system differs from the Sharia economic system. One of these differences relates to the view of life in this world. From a classical economic perspective, religion and economics must be separated—a concept known as secularism (Azharsyah Ibrahim, et. al 2021). With this view, the economic orientation of classical economists is solely focused on meeting worldly needs. The accumulation of as much wealth as possible is inevitable, as happiness is perceived to be based on material values. This is very different from the Sharia economic system. From a Sharia perspective, the world is not the ultimate goal. This is because eternal life

awaits after death. Thus, Islam seeks not only worldly profit and happiness, but also profit and salvation in the Hereafter (Azharsyah Ibrahim, et. al 2021). By its very nature, humanity on earth is tasked with being khalifah, or stewards. Because they possess the capacity, humans are commanded to carry on the prophetic and messianic duties of Muhammad, peace be upon him.

Islamic economics is not limited to worldly matters or wealth alone. Broadly speaking, it encompasses the following universal values (Syarifuddin, et. al 2020):

1. *Tauhid*

With tawhid—or faith—as the pillar of Islamic teachings, human beings will fully submit all their behavior and actions to Allah. Thus, their lives are directly connected to Allah.

2. *`Adl*

In simple terms, justice means putting things in their proper place. In the context of Islamic economics, no individual is permitted to seek personal gain at the expense of others or the environment.

3. *Nubuwah*

The purpose of the Prophetic tradition is to emulate the noble qualities of the Prophet Muhammad, peace be upon him. For when he was sent, the Prophet Muhammad, peace be upon him, was commanded to guide humanity to salvation in this world and the hereafter, and to serve as a model for all people. In the practice of Islamic economics, emulating his qualities—such as truthfulness, conveying the message, trustworthiness, and wisdom—is essential.

4. *Khalifah*

The concept of khalifah in the Qur'an implies that humanity has been entrusted with the responsibility to lead on Earth and to ensure its prosperity.

5. *Ma`ad*

The implication of this value for the economy is that it motivates businesspeople to achieve the best possible results both in this world and in the hereafter.

These values further illustrate that Islamic economics is not aimed at worldly goals, but rather at achieving success and salvation in the afterlife. These values, taken as a whole, represent a very distinct difference compared to classical economic thought. However, some people still view the Sharia economic system as merely a rebranding without any direct implementation. This is understandable, given the limited knowledge and understanding of Islamic economics in educational and business environments, where the principles of Sharia have not yet been widely applied.

Adam Smith

As a Western economic thinker focused on freedom, some of his major ideas continue to influence modern economic systems. Some of Smith's economic concepts are as follows:

1. The Nature of Human Greed

In the era of ancient Greek thought, as exemplified by Mandeville, human nature was seen as greedy, selfish, and self-centered. These traits had negative socioeconomic consequences for society (Muhammad Hasan, et. al 2020). Mandeville's solution was to advocate for government intervention in economic matters. Adam Smith, however, expressed a different view. According to him, human selfishness would drive economic growth, to the extent that it would not cause harm or loss in society due to free competition (Nurul Setianingrum 2023). This view truly gives free rein to human selfishness in the context of economic growth. This is because every price set and every transaction that takes place stems from human selfishness

itself. While this concept is indeed drawn from the ancient Greek era, it has been adapted by Smith to represent a positive value.

2. Invisible Hand & Free Market

In his work *The Wealth of Nations*, he emphasized the importance of free markets as the primary mechanism for the efficient allocation of resources and production (Marissa Ulfa, et. al 2025). Free markets give market participants the freedom to set prices according to prevailing market conditions. In the classical economic system, prices are determined by the value derived from the satisfaction and utility of goods or services when received by consumers (Marissa Ulfa, et. al 2025). This is reflected in the exchange rate or the amount of labor required to produce a specific product. Another concept that has been proposed is the “invisible hand.” In his view, this system emerges from the self-interested actions of individuals seeking personal gain (Juan Charlos Sibarani, et. al 2023). This analogy is based on a person’s behavior aimed at maximizing profit. The concept of the invisible hand plays a role in efficiently regulating the market without government intervention in setting prices (Juan Charlos Sibarani, et. al 2023). This is intended to grant every individual the freedom to acquire goods at a certain price, or to raise prices according to the producer’s own discretion.

3. Value Theory

From Smith’s perspective, the value of a good has two meanings. First, exchange value—or, in other words, the price of a good—is determined by the amount of labor required to produce a good or service (Muhammad Hasan, et. al 2020). According to his statement, calculating the amount of labor required to produce a good or service is not simply a matter of measuring time or workdays. This is because each person’s abilities and skills vary. Second, use value, which is the ability of a good or service to

satisfy needs (Nurul Setianingrum 2023). This value points to the intrinsic nature of an object or good that is capable of fulfilling the many needs and desires of many individuals.

Although it seems simple, the theory of value contains an absurdity known as the paradox of value. In essence, a good or object may have very high utility value but very low exchange value. The opposite is also true: an item may have very limited utility value but very high exchange value (Nurul Setianingrum 2023). A simple example is drinking water versus gemstones. Everyone is highly dependent on drinking water, so its utility value is very high. However, the exchange value of drinking water is relatively low and stable. As for gems, they are used in jewelry, where their utility value is very limited and they are owned by a specific group of people. However, the exchange value of each gem is very high. This is in stark contrast to drinking water.

4. Division of Labor

The economy cannot be separated from workers. From Smith's perspective, economic development can be achieved by implementing specialization or the division of labor to increase labor productivity (Muhammad Hasan, et. al 2020). Every worker is expected to develop their abilities and skills on the job through training and specialized mentoring. Over time, workers will acquire new abilities and increase their productivity. Smith believed that the division of labor would allow each worker to specialize, thereby producing more goods or services than before (Nurul Setianingrum 2023). This aligns with the principle of freedom in classical economics. At its core, capitalist thought grants every individual the right to develop and maintain their property without restriction (Kemal Budi Mulyono 2021).

5. Theories of Well-being

One of the broad objectives of an economy is to achieve prosperity. Smith himself stated that a nation or country can be considered prosperous by measuring its national income. This means that prosperity lies in the value exchanged—namely, annual income, land, and labor within a country (Nurul Setianingrum 2023). To achieve ideal prosperity in classical economics, Smith offered recommendations in his book *The Wealth of Nations*. In striving for maximum production and trade, as well as to achieve universal wealth, a nation's government must grant economic freedom to its people within the framework of free trade—whether domestic or international (Kemal Budi Mulyono 2021). In essence, the government is not permitted to interfere in trade or in people's own desires. This must align with the principle of freedom in the classical economic system..

Al-Ghazali

As a Muslim scholar with extensive knowledge, Imam al-Ghazali also contributed his insights to the principles of Islamic economics. The following are some of the theories he proposed:

1. *Maslahah* (Welfare)

This concept is more general in nature and applies to various fields of knowledge. From this perspective, *maslahah* serves as the primary objective in determining Sharia laws, encompassing both the commands and prohibitions of Allah SWT (Lisa Anggryani, et. al 2024). By applying the principle of *maslahah*, all matters—such as religious, social, economic, and other aspects of human life—can achieve well-being. As for welfare in the form of a person's income or wealth, it is derived from three sources: income earned through one's own labor, profits from trade, and income resulting from circumstances such as inherited wealth (Rahmat Hidayat, et. al 2025). Every individual can achieve welfare, provided they adhere to the principles of Sharia.

In economic terms, al-Ghazali's concept of *maslahah* places great emphasis on the behavior and actions of both individuals and society. The welfare of a society is linked to the pursuit and preservation of five fundamental goals: religion (*ad-Diin*), life or the self (*an-Nafs*), lineage or family (*an-Nasl*), wealth or property (*al-Mal*), and intellect or reason (*al-'Aql*) (Saprida, M.H.I., et. al 2021). As fundamental principles, these aspects must not exceed reasonable limits or cause harm. Therefore, every economic or business activity must be conducted within the Sharia framework, ensuring the sustainability of life, the needs of children and descendants, sufficient wealth, and the preservation of morality and intellect. In terms of the hierarchy of individual and social utility, al-Ghazali proposed a tripartite concept: needs (*Dariat*), happiness (*Hajat*), and luxury (*Tahsinaat*) (Saprida, M.H.I., et. al 2021). Although this classification draws from Aristotelian tradition, al-Ghazali's thought better balances these with flexible foundational values. For example, basic needs for food and drink may be tied to specific times and places, and must also consider Sharia aspects such as *halal* and *thoyyib*.

2. Voluntary Exchange and Market Evolution

The market serves as a venue for the exchange of goods and money, facilitating buying and selling transactions. Merchants sell goods, and consumers purchase them in exchange for money. From al-Ghazali's perspective, the market evolves as a form of 'natural law' or *sunnatullah*, which is an expression of the individual's desire to meet or satisfy economic needs (Ayub Rangkuti, et. al 2023). Just as a merchant sells fruits and a customer desires them. When both reach an agreement, the customer obtains the fruits and the merchant receives payment in the form of money.

To explain this, al-Ghazali has outlined the following points regarding economic practices in the areas of exchange and markets:

a. Cross-State Trade Practices

In this context, economic interests have led to the establishment of regulations governing cross-city or inter-regional activities, such as procuring and transporting tableware, as well as delivering food to other locations. This situation has created additional needs related to transportation, with the aim of generating profits for merchants (Lisa Anggryani, et. al 2024).

b. Theories of Demand, Supply, Profit, and Price

Al-Ghazali had his own perspective on the theory of supply and demand. When farmers cannot find buyers, the selling price must be lowered, and prices will continue to fall as the supply of goods in the market increases (Saprida, M.H.I., et. al 2021). When the supply of goods in the market becomes increasingly limited, the price of those goods may rise.

As for the elasticity of demand, reducing profit margins by selling at more affordable prices can increase sales volume, which in turn will boost profits (Ayub Rangkuti, et. al 2023). In this case, merchants are permitted to lower prices or reduce their profit margins in order to maximize sales volume.

In his theory of profit, al-Ghazali offers a detailed perspective. He argues that excessive profit is unjustified and considered abnormal. Citing earlier scholars, he states that when profit exceeds one-third of the prevailing market price, consumers have the right to reconsider the transaction (Abdul Qoyum, et. al 2021). Furthermore, when selling basic goods or food staples, one must avoid excessive profit. If a merchant wishes to earn a more substantial profit, al-Ghazali does not recommend selling basic goods or foodstuffs at excessive profit margins and instead suggests seeking other options to trade (Lisa Anggryani, et. al 2024).

Al-Ghazali established a distinct concept regarding pricing. Prices must be set based on fairness in business transactions. Fair pricing must truly reflect the value of the goods or services (Nurul Setianingrum 2023). This concept has its own terminology, known as *ats-Tsaman al-`Adl*, which literally means “fair price.” More specifically, it refers to the prevailing price as determined by market practices (Muhammad Sultan Mubarak 2021).

c. Market Conduct Ethics

Most market activities take place freely without restrictions or regulations. According to al-Ghazali, the market must operate in accordance with ethical and moral principles for market participants. Specifically, it is prohibited to profit by hoarding food or other basic commodities, falsifying information regarding weight, size, and price, engaging in manipulative practices, concealing the quality of goods and marketing practices, and controlling the market through secret agreements (Ayub Rangkuti, et. al 2023). All of these actions not only result in consumer losses but also disregard the values of justice, welfare, and Sharia law, which affect many parties.

3. Production Activities

From al-Ghazali’s perspective, production has its own distinct foundation. In terms of production activities, goods that are distributed and sold are viewed as a social commitment to meet the needs of society (Lisa Anggryani, et. al 2024). When a particular group or groups within society are involved in producing goods or services to meet the needs of others, this is considered a duty on their part toward those others.

Al-Ghazali classifies the types of productive activities that form the foundation of the Islamic economy as follows (Muhammad Sultan Mubarak 2021):

- a. The production of all goods for basic needs as a social responsibility.
 - b. Production hierarchy. In this context, it is divided into basic industries that support human survival, auxiliary industries that supplement the basic industries, and complementary industries that are linked to the basic industries.
 - c. Production stages, specialization, and their interrelationships. This includes the division of labor, coordination, and collaboration.
4. The Importance of Zakat and the Prohibition of Usury

In Islamic jurisprudence, zakat is a form of worship intended to purify the soul. Al-Ghazali strongly supported the principles of zakat, particularly in terms of fostering social balance and reducing economic inequality (Rizky Ananda Utami & Muhammad Arif 2024). Through the distribution of zakat, the wealth of an individual or a community can be redistributed to improve well-being and reduce poverty.

In addition to zakat, Islamic jurisprudence also prohibits usury in the Islamic economy and business. Al-Ghazali's perspective strongly rejects usury and views it as a form of exploitative practice that is destructive and contrary to ethical principles (Rizky Ananda Utami & Muhammad Arif 2024). Not only does it cause harm in this world, but the practice of usury will also result in consequences in the hereafter. Broadly speaking, riba is divided into two categories. First, riba nasi`ah, which occurs in lending and borrowing. Second, riba fadhli, which occurs in the exchange of goods or barter (Azharsyah Ibrahim, et. al 2021).

5. Barter and the Evolution of Money

Before the invention of money, economic and business transactions relied heavily on barter or the exchange of goods. However, al-Ghazali viewed the practice of barter as problematic. First, it lacked a common denominator. Second, goods could not be categorized or separated (Rahmat Hidayat, et. al 2025). Third, it required mutual consent. These three obstacles had the potential to lead to injustice and inequality.

The existence of money plays a vital role in the economic system. With mutually agreed-upon values and denominations, people can exchange their money to acquire goods or access services. From this perspective, money serves several functions. First, *qiwam ad-dunya* (unit of account). This means that money is a tool capable of measuring the value of a good and comparing it to other goods. Second, *hakim mutawasith* (determination of the value of goods). This means that money can serve as a concrete standard for determining the value of diverse goods. Third, *al-mu`awwidhah* (medium of exchange). This means that money facilitates the exchange of goods and transactions (Ayub Rangkuti, et. al 2023).

6. Government Capacity and Public Finance

The role of the state is not merely to enact laws, determine policies, or lead society. From al-Ghazali's perspective, the state is a vital institution; it is not merely responsible for the functioning of economic activities within a well-ordered society, but also for fulfilling social obligations as prescribed by divine revelation (Kemal Budi Mulyono 2021). By taking the state's capacity into account, the true economic and social goals—namely prosperity, justice, stability, and security—can be achieved. Al-Ghazali also emphasizes the need for fair and balanced laws, and urges leaders not to succumb to worldly desires that contradict the principles of Sharia (Rahmat Hidayat, et. al 2025).

In addition to the state's capacity, al-Ghazali also offered insights into public finance. In his view, state leaders should oversee the wealth held by the people—particularly assets without heirs—with the aim of utilizing them for the public good (Lisa Anggryani, et. al 2024). Public finance can encompass state revenue and expenditures. Al-Ghazali believed that state revenue should be collected from every citizen, whether Muslim or non-Muslim, in accordance with Islamic law (Kemal Budi Mulyono 2021). The sources of this revenue include zakat, fay, sadaqah, jizyah, and ghanimah, as guided by the Prophet Muhammad (peace be upon him) and his companions (Lisa Anggryani, et. al 2024).

Adapting al-Ghazali's Economic Thought to the Creative Economy in Indonesia

The Indonesian economy has its own unique characteristics compared to other countries. Broadly speaking, the Indonesian economy is influenced by geographical, demographic, and natural resource conditions (Dr. Nurhayati, et. al 2025). Indonesia is located directly on the equator. The country's population has reached over 286 million. Natural resources in various regions of Indonesia are abundant and plentiful. However, Boediono (2016) emphasizes that these geographical conditions have an impact on the distribution of infrastructure and market access (Dr. Nurhayati, et. al 2025). This has led to an uneven economic structure in some regions. Several remote areas still lack adequate facilities for basic needs such as education, healthcare, and other essential services that can influence the economy.

Nevertheless, the Indonesian economy has found a new source of growth: the creative economy. All forms of creative industries—including advertising, architecture, arts and crafts, design, fashion, film, video, photography, music, performing arts, publishing, research and development, software, computer games, digital publishing, and TV or radio broadcasting—are part of the creative economy (Sri Hardianti Sartika, et. al 2022). With every video watched on YouTube, content creators or influencers drive economic activity. Viewers who enjoy the videos are considered consumers. The

creative economy emphasizes the role of creativity, innovation, and intellectual property rights in creating jobs, fostering economic growth, and promoting cultural development (Dr. Ari Riswanto, et. al 2023).

The creative economy has its own unique role and challenges. According to a UNCTAD report (2018), the creative economy's contribution to global GDP is quite significant at 3%, making it one of the sectors experiencing strong growth, driven by surges in digitalization and globalization (Sri Hardianti Sartika, et. al 2022). For Indonesia, the creative economy contributes Rp852 trillion to GDP, or 7.38%, and accounts for 13.9% of the workforce (Dr. Ari Riswanto, et. al 2023). Despite this contribution, the creative economy faces numerous challenges in its development. These include intellectual property protection, infrastructure, access to capital, shifts in consumer behavior, and economic uncertainty (Dr. Ari Riswanto, et. al 2023). Solutions must be found for these obstacles to enhance the sector's contribution to Indonesia's economic growth.

In addition to several challenging factors, the creative industry in Indonesia is generally still influenced by the classical economic system, which is based on a free-market system (Bonaraja Purba, et. al 2023). There is no government intervention or role in supporting the creative economy. The "*invisible hand*" in Indonesia's creative economy is expected to efficiently generate economic potential (Budi Kurniawan, S.IP., M.PP. 2021). In practice, however, many creative industries remain underdeveloped or are operating at a loss. Unhealthy competition and a lack of attention from policymakers have combined to slow down the creative industry.

Given the classical economic practices in the creative industries, al-Ghazali's economic thought could offer a solution. According to his theory, prosperity can be achieved when the state upholds justice, security, and stability (Iskandar Fauzi, et. al 2019). The current challenges facing the creative industry—including uncertainty and funding issues—can be addressed when the state steps in to provide support. This

includes boosting public purchasing power and streamlining licensing and regulatory processes to facilitate access to additional capital.

The creative economy often gives rise to market injustices. One such issue involves content creators who disseminate information on a massive scale through videos, the accuracy of which remains unverified. From al-Ghazali's perspective, the market must uphold ethics and morality. Contrary information practices, forgery, and fraud are strictly prohibited (Muhammad Sultan Mubarak 2021). Content creators who falsify information or insights in the digital space must be held accountable. This is because any AdSense revenue generated as personal income may lack divine blessing. Moreover, many parties will be adversely affected by content and information that damages reputations or threatens the sustainability of livelihoods.

Every player in the creative economy who enjoys greater profits must apply the principle of economic justice. One of al-Ghazali's approaches to wealth distribution or economic equality is zakat. The concept of zakat strongly supports the fair distribution of wealth, so that those in need—such as the poor and the destitute—can also experience economic justice (Rizky Ananda Utami & Muhammad Arif 2024). Indonesia, with its Muslim-majority population, has great potential for zakat empowerment. This begins with making zakat mandatory for every individual and for corporations (Rizky Ananda Utami & Muhammad Arif 2024). The creative industry not only generates profit but also helps distribute wealth and improve the well-being of those in the surrounding community who are less fortunate. Through this, economic justice is truly achieved by applying al-Ghazali's philosophical approach.

D. Conclusion

Al-Ghazali's economic thought differs significantly from that of Adam Smith. While Smith advocated for free markets and the "invisible hand," al-Ghazali emphasized principles of justice in the marketplace and the state's role in broader

economic well-being. Al-Ghazali's concept of welfare must adhere to five fundamental principles: religion, lineage, life, wealth, and intellect. Regarding the production of goods, the pricing of goods related to basic necessities must not be manipulated. To facilitate economic distribution, zakat serves as a crucial instrument. Certain groups, such as the poor and the needy, are entitled to receive zakat. In the context of the creative economy, the market does not simply operate on its own. The state plays a role in supporting the creative industry through simplified funding and regulations that are more favorable to them. The creative industry must prioritize ethics and morality, as harm inflicted upon society can pose a significant danger. The abundant wealth of those in the creative economy is also distributed through zakat. Those less fortunate, such as the poor and the needy, can derive well-being from the growth of the creative industry.

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