**Fiqh and Monetary Dimensions of Inflation: Revisiting al-Maqrīzī through Econometric and Ethical Analysis in Indonesia**

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**ABSTRACT:** *This article examines economic aspects of inflation through the perspective of traditional Islamic commercial jurisprudence (fiqh al-muʿāmalāt), particularly emphasizing the ideas of al-Maqrīzī. This research employs a mixed-method sequential explanatory design to investigate the long-term relationship between inflation and three macroeconomic indicators in Indonesia—money supply (M2), exchange rate, and the Corruption Perception Index—utilizing a Vector Error Correction Model (VECM) with quarterly data spanning from 2000 to 2024. The quantitative findings validate that excessive monetary growth, currency devaluation, and declining governance exacerbate inflation. The qualitative phase encompasses a content analysis of al-Maqrīzī’s treatises (Ighāthat al-Umma, al-Nizāʿ wa-t-Taḥakkum) and expert interviews, elucidating classical muʿāmalāt concepts such as iḍṭirāb al-sikka (monetary debasement), gharar (uncertainty), iḥtikār (hoarding), and amānāt al-ḥukkām (fiscal accountability of rulers) as interpretive frameworks for contemporary inflationary crises. The results indicate that inflation is both a technical-economic occurrence and a violation of Sharia-compliant ethical and institutional standards. This paper advocates for the reintegration of muʿāmalāt principles into inflation governance, emphasizing monetary fairness, ethical statecraft, and openness as fundamental values in Islamic economic policy*

**Keywords:** *Inflation, Maqrīzī’, Islamic commercial jurisprudence*

1. **INTRODUCTION**

Price volatility—manifesting as either inflation or deflation—continues to pose a significant challenge to macroeconomic stability in modern countries. Inflation denotes a persistent rise in the overall price level of goods and services, whereas deflation indicates a continual decrease. If neglected, both trends provide considerable risks to socioeconomic welfare. Inflation diminishes customers' purchasing power, disproportionately impacting low-income groups, whereas deflation inhibits consumption and investment, resulting in corporate stagnation and increased unemployment. Attaining equilibrium between price stability and economic growth is crucial for sustainable development (Jana et al., 2014). This situation emphasizes the necessity for efficient collaboration between monetary and fiscal authorities to maintain macroeconomic stability.

Various factors can instigate inflationary pressures, including foreign shocks, exchange rate instability, expansive monetary policies, and global commodity price variations (Shibamoto, 2023). Central banks frequently react by modifying interest rates or executing market operations (Semenova, 2024). Nonetheless, over dependence on these instruments may lead to unforeseen repercussions, like economic stagnation or asset inflation. Moreover, inflation is not solely a monetary concern; it is also grounded in structural and institutional inadequacies, including ineffective governance and fiscal imprudence. When fiscal corruption and policy manipulation dominate, inflation may endure despite traditional stabilization measures. This necessitates a holistic strategy that integrates economic tools with institutional reforms and ethical considerations, especially within the context of Islamic economic law (fiqh al-muʿāmalāt).

Historically, inflation has been closely associated with the misuse of monetary sovereignty (Wettstein et al., 2019) and institutional dysfunction (Vodyanenko, 2018). The earliest recorded instance was in 15th-century Mamluk Egypt, where inflation was instigated by coin debasement, an excess of copper currency (fulūs), fiscal incompetence, and pervasive corruption. The distinguished Egyptian historian and jurist, Taqī al-Dīn Aḥmad ibn ʿAlī al-Maqrīzī, in Asadov (2021) work addressed this dilemma in his writings Ighāthat al-Umma bi-Kashf al-Ghumma and al-Nizāʿ wa-t-Taḥakkum fī Masʾalat al-Ḥukm. In Loiseau (2013)Al-Maqrīzī provided a historical narrative alongside a normative critique based on Sharia norms, condemning activities such as iḍṭirāb al-sikka (monetary debasement), iḥtikār (hoarding), and inequitable taxes. His study identified inflation as stemming from both deficient economic policies and moral deterioration in governance—a perspective that aligns with the ethical foundations of fiqh al-muʿāmalāt.

Despite al-Maqrīzī's significance, modern Indonesian study has predominantly neglected his monetary theories in the analysis of inflation using contemporary metrics like as M2, exchange rates, or governance indices. Concepts like currency integrity, state accountability, and ethical trading practices have seldom been incorporated into contemporary econometric models. Furthermore, no effort has been exerted to implement Islamic ethical principles—such as maqāṣid al-sharīʿah, amānah, and ʿadālah—in modern inflation control techniques. This reveals a substantial epistemic deficiency in both Islamic economics and the formulation of monetary policy. Reconciling this disparity necessitates a methodology that integrates historical Islamic perspectives with empirical investigation, facilitating the creation of a comprehensive and ethically grounded inflation framework.

This study used a mixed-method sequential explanatory design to address this issue. The investigation commences with a quantitative examination utilizing the Vector Error Correction Model (VECM) to explore the long-term link between inflation and three macroeconomic variables in Indonesia: money supply (M2), real exchange rate, and the Corruption Perception Index (CPI). The model encompasses both short-term dynamics and long-term equilibria, bolstered by impulse-response functions that delineate the effects of shocks over time. The qualitative phase involves a focused content examination of al-Maqrīzī’s writings in conjunction with interviews of economists and Islamic law scholars. This dual-method approach provides scientific rigor and normative depth, allowing for a nuanced comprehension of inflation as both a technological oddity and a violation of Islamic moral-economic principles.

This work seeks to rejuvenate the intellectual heritage of al-Maqrīzī by applying his analysis of monetary corruption and fiscal injustice to a contemporary Indonesian environment. His analysis of unethical monetary strategies is remarkably pertinent in contemporary fiat-driven, institutionally vulnerable economies. The study demonstrates a historical continuity in the causes and consequences of inflation by correlating insights with econometric data and governance indicators. Furthermore, it promotes the incorporation of Islamic legal ideas into economic administration, asserting that price stability encompasses not merely market equilibrium but also trust, justice, and moral accountability. This research advances Islamic economic philosophy and policy reform, especially for Muslim-majority states such as Indonesia, which aim to align development with Sharia principles

1. **LITERATURE REVIEW**

**Quantity Theory of Money (QTM)**

The Quantity Theory of Money (QTM) is one of the most influential frameworks in classical and modern monetary economics (Hansen & Friedman, 1957). It posits a proportional relationship between the money supply (M) and the price level (P), under the assumptions of stable velocity (V) and output (Y). This theory underpins the monetarist view that inflation is primarily a monetary phenomenon. Gao (2022) popularized the maxim that "inflation is always and everywhere a monetary phenomenon," reinforcing the centrality of QTM in macroeconomic policy. The simplicity and clarity of the MV=PY equation made QTM widely adopted in policy models and textbooks. However, while its theoretical appeal is strong, the QTM does not account for the complexities of modern economic structures. The theory's assumptions are often too rigid to reflect the realities of dynamic economies.

Throughout the years, QTM has undergone numerous enhancements and evaluations. Post-Keynesians and structuralists contend that velocity is unstable and that the money supply may adjust endogenously to output and interest rates (Vatsa & Mixon, 2022). Contemporary central banks do not explicitly aim for monetary aggregates such as M2; rather, they employ inflation targeting via interest rate adjustments. In Indonesia, changes in financial regulation, digital payments, and liquidity preference have modified monetary transmission mechanisms. The policy significance of QTM has diminished in empirical inflation models. Nonetheless, QTM continues to function as a theoretical basis for comprehending the relationship between currency and pricing. The theory's survival underscores the ongoing necessity for simplified models in macroeconomic planning, notwithstanding their absence of nuanced realism.

Current research on QTM generally use time-series econometrics to evaluate the correlation between monetary aggregates and inflation. Most concentrate on short-term versus long-term impacts, employing cointegration methodologies such as Johansen or ARDL bounds testing. In the Indonesian context, certain studies examine the influence of M1 and M2 on inflation across various monetary regimes(Ting, 2017). Nevertheless, these studies infrequently incorporate institutional characteristics such as governance or fiscal discipline into their study. The models are frequently exclusively financial, presuming ceteris paribus in political and institutional aspects. Moreover, limited research investigates the ethical or normative foundations of monetary expansion. This establishes a disparity between theoretical abstraction and real-world intricacies, especially in developing economies.

Critics of QTM emphasize numerous shortcomings, particularly its inability to consider structural and behavioral aspects. The hypothesis posits that an augmented money supply directly elevates prices; however, this is not consistently evidenced in empirical data. Furthermore, QTM regards money as neutral in the long term, disregarding the influences of financial markets, inequality, or corruption. During inflationary periods characterized by fiscal mismanagement or institutional deterioration, the Quantity Theory of Money (QTM) demonstrates little explanatory capacity. It also neglects ethical considerations related to money issuance, including distributive justice and moral hazard. This presents policymakers with a technocratic instrument that lacks awareness of governance and popular trust. Therefore, it is essential to augment QTM with perspectives from institutional economics and Islamic ethical philosophy.

This study suggests a reconfiguration of QTM by incorporating moral and institutional aspects, particularly those delineated by al-Maqrīzī. Instead of perceiving money just as a neutral medium, al-Maqrīzī regarded monetary debasement as a moral failing and a catalyst for social injustice. This research connects classical and modern frameworks by converting ideas such as monetary purity and inequitable taxes into quantifiable metrics (M2, CPI). Vector Error Correction Models (VECM) facilitate the measurement of QTM interactions by integrating governance factors. This method provides a more nuanced, multifaceted understanding of inflation that aligns with both classical theory and modern facts. It advances QTM from abstraction to an empirically based ethical framework. The paper contributes by applying historical lessons to contemporary macroeconomic models..

**Institutional Economics and the Corruption-Inflation Nexus**

Institutional economics highlights the significance of both formal and informal institutions in influencing economic behavior and results (Wendschlag, 2009). It contends that economic performance is influenced not just by market forces but also by the quality of governance, legal structures, and public accountability. Corruption, an embodiment of institutional failure, skews resource distribution, escalates transaction expenses, and erodes fiscal integrity(North, 1993). This viewpoint has gained significance in comprehending enduring inflation, particularly in nations with fragile regulatory frameworks. Academics contend that even efficient monetary policy might become futile in the context of pervasive corruption. The institutional framework serves as both a mediator and a modifier of inflation dynamics. Indonesia, characterized by intricate governance difficulties, offers a conducive environment for the use of institutional economic research.

Research on corruption and inflation has progressed markedly during the 2020s (Haddad, 2023) presented initial data associating corruption with diminished investment and decelerated growth. Subsequent studies by Valentinov (2023) revealed that corruption contributes to elevated inflation by undermining revenue collection and fostering fiscal indiscipline. These studies emphasize the manner in which corruption undermines state capacity and policy efficacy, hence exacerbating inflationary pressures. Recent research integrates institutional elements into dynamic models to empirically examine these links. Methods applied include cross-country regressions, panel data analysis, and structural equation modeling. Research in Indonesia has concentrated on decentralization and local governance as critical factors. Nonetheless, a significant portion of this work is econometric in nature, devoid of normative interpretation.

Most institutional studies regard corruption as an exogenous phenomenon to be managed, rather than an integral element of macroeconomic dynamics. This constrains the explanatory capacity of such models, particularly in countries where corruption is pervasive rather than occasional. Limited research directly associates corruption with monetary expansion or the ethical acceptability of fiscal policies. The ethical aspects of governance—namely fairness, trust, and public accountability—are hardly quantified or modeled. Furthermore, historical viewpoints from non-Western cultures are predominantly lacking. This generates a conceptual blind spot in comprehending the interaction between institutional degradation and inflationary dynamics. The lack of moral-economic analysis diminishes the policy significance of institutional models.

This study rectifies these deficiencies by reconceptualizing corruption not merely as inefficiency, but as a manifestation of economic injustice. Utilizing al-Maqrīzī’s critique of inequitable taxes and administrative malfeasance, the study conceptualizes corruption as a moral variable with macroeconomic implications. The study integrates CPI into the VECM framework, including governance quality as an endogenous variable in inflation dynamics. The qualitative phase further corroborates this via content analysis of classical literature and expert interviews. This dual method demonstrates how institutional moral decline results in concrete economic consequences. It thereby advances institutional analysis from mere descriptive correlation to normative causality. The research presents a historically informed, ethically aware model of inflation that incorporates institutional deterioration as both a cause and effect..

**Maqāṣid al-Sharīʿah**

A value-centric framework for economic analysis grounded in the purposes of Islamic law, known as maqāṣid al-sharīʿah. It underscores not only efficiency and prosperity but also fairness, equity, and the ethical integrity of economic interactions (Erba & Nofrianto, 2022). The primary aims include the safeguarding of wealth (ḥifẓ al-māl), the preservation of life (ḥifẓ al-nafs), and the enhancement of social harmony. Within this paradigm, inflation is not solely a monetary discrepancy but a transgression of distributive fairness and economic dignity. The Islamic moral economy attacks the mechanistic perspective of conventional economics, advocating for policies based on ethical reasoning. Economic policy must prioritize the welfare of all individuals rather than solely the efficiency of markets. This viewpoint has been progressively prominent among academics and professionals in Islamic finance.

Research in Islamic moral economy has proliferated in recent decades, particularly as a reaction to the global financial crisis. Researchers such as Ibn Asyur (Maharani et al., 2022) have established the theoretical underpinnings for incorporating ethics into macroeconomic policy formulation. Their work underscores the ethical ramifications of economic choices, the necessity for institutional transformation, and the primacy of justice in public finance. This literature has shaped dialogues regarding Islamic banking, zakat frameworks, and ethical investment methodologies. Nonetheless, the majority of these contributions are primarily theoretical and lack empirical validation in macroeconomic contexts. The discussion is primarily normative and descriptive, hence constraining its influence on policy development. Practical instruments for incorporating maqāṣid concepts into inflation management are still inadequately developed. The potential of Islamic moral economy to inform national economic policy remains largely unexploited.

Research that implements maqāṣid al-sharīʿah frequently occurs within microeconomic frameworks, such Islamic social finance or halal sectors (Fauzia, 2014; Karim & Sahroni, 2015). Macroeconomic applications are infrequent, and when they do occur, they frequently depend on qualitative indications or expert assessment. There is a scarcity of studies connecting ethical aims with concrete economic facts, including inflation, money supply, or governance indexes. This generates a disparity between normative objectives and analytical execution. Furthermore, there is minimal interaction with classical Islamic economic theorists whose contributions could provide practical insights. The absence of historical foundation undermines the legitimacy and consistency of ethical frameworks. Consequently, a more rigorous and empirically substantiated approach to Islamic moral economy is required.

This research addresses that gap by converting ethical conceptions into measurable variables within a macroeconomic framework. Principles such as monetary integrity, fiscal equity, and governance transparency—derived from al-Maqrīzī—are correlated with contemporary metrics such as M2, CPI, and the real exchange rate. The incorporation of these factors into a VECM framework facilitates empirical confirmation of moral-economic connections. The study transitions Islamic moral economy from theoretical ethics to practical analytics. The combination of historical documents, quantitative modeling, and expert validation produces a comprehensive examination of inflation. It illustrates that ethical decline is quantifiable and holds macroeconomic importance. This research enhances the Islamic moral economy by offering instruments for ethical policymaking based on classical wisdom and contemporary data.

1. **METHOD**

This research employs a mixed-method sequential explanatory strategy to examine the long-term factors influencing inflation in Indonesia. This method was selected to integrate the advantages of econometric modeling with the interpretative richness of qualitative research. The sequential method enables the research to initially discern statistical patterns and subsequently interpret those patterns within historical and normative frameworks. The quantitative phase acts as the principal catalyst, while qualitative discoveries are employed to corroborate, elucidate, and enhance the results. This methodology corresponds with the essence of the study inquiry, which aims to link classical economic theory with contemporary macroeconomic results. Furthermore, the ethical aspect of al-Maqrīzī’s approach necessitates interpretive examination beyond just numerical assessment. A mixed-method paradigm provides a holistic perspective on inflation as both a quantifiable phenomenon and an ethical concern.

The quantitative phase utilizes the Vector Error Correction Model (VECM) to examine cointegration and dynamic interrelationships among the principal variables: inflation, money supply (M2), real exchange rate, and Corruption Perception Index (CPI). The VECM framework is used because to its ability to handle non-stationary time series and to encapsulate both long-term equilibrium and short-term dynamics. Before estimation, the data series undergo unit root testing via the Augmented Dickey-Fuller (ADF) test, succeeded by Johansen cointegration analysis. The data spans from 2000 to 2024, utilizing quarterly observations obtained from Bank Indonesia, BPS, Transparency International, and IMF databases. Every variable is meticulously processed and standardized to guarantee comparability between scales and units. Impulse-response functions are estimated to analyze the temporal effects of shocks in one variable on inflation. This modeling technique establishes a strong empirical basis for the theoretical and historical findings of the study.

The qualitative phase enhances the econometric findings via focused content study of al-Maqrīzī’s texts, including Ighāthat al-Umma and al-Nizāʿ wa-t-Takhāṣum. The texts are analyzed with a thematic coding methodology grounded in the characteristics outlined in the VECM: money supply, currency quality, and governance integrity. The coding scheme is developed iteratively by meticulous analysis and comparison with current macroeconomic classifications. Furthermore, ten comprehensive interviews are performed with specialists in Islamic economics, monetary policy, and Islamic jurisprudence. The interviews are analyzed with thematic analyses as extensions of al-Maqrīzī’s concepts. Triangulation of textual, empirical, and interview data guarantees a substantial level of validity and interpretive depth. This phase connects abstract classical principles with their contemporary operational counterparts.

Multiple validation procedures are utilized across both phases to ensure methodological rigor. The quantitative model undergoes residual diagnostics, Granger causality tests, and variance decomposition to evaluate its stability and predictive capability. The qualitative phase employs inter-coder reliability checks (κ > 0.80), member checking, and source triangulation to bolster the trustworthiness of the findings. Ethical considerations are maintained, especially with the use of historical materials and the confidentiality of interview subjects. The amalgamation of both datasets transpires during the interpretation phase, whereby econometric tendencies are aligned with historical narratives and expert analyses. This methodological heterogeneity enhances the robustness of findings and fortifies the theoretical assertions. The study therefore complies with both empirical and ethical norms in economic research.

The methodological approach encapsulates the study's twin objective: to evaluate and elucidate the significance of al-Maqrīzī’s monetary theories within the contemporary Indonesian framework. The application of VECM facilitates the measurement of long-term monetary relationships, but the qualitative aspect offers moral and historical context. The research used a sequential explanatory design to explore the technical and ethical aspects of economic analysis. This method guarantees that inflation is analyzed not only as a statistical construct but as a phenomenon integrated within institutional practices and ethical governance. The results aim to contribute to scholarly discussion and policy development. The methodology demonstrates how classical Islamic insights can be applied utilizing modern tools. It asserts the feasibility of an economic science informed by values, rooted in historical memory and contemporary rigor

**III. RESULT AND DISCUSSION**

**Econometric Evidence of Structural Inflation**

This research utilizes the Vector Error Correction Model (VECM) to examine long-term correlations among macroeconomic indicators in Indonesia. The Vector Error Correction Model (VECM) is a robust statistical method utilized to evaluate cointegration and short-term dynamics among time-dependent variables. The research verifies the existence of cointegration between inflation and three fundamental variables: money supply (M2), the real exchange rate, and the Corruption Perception Index (CPI). M2 signifies the total liquidity within the economy, with an increase suggesting heightened inflationary pressure. The actual exchange rate acts as an indicator of currency quality; depreciation indicates diminished purchasing power and elevates import-related price levels. In this study, the CPI is inverted so that greater values indicate increased corruption, reflecting institutional integrity and public trust. Collectively, these variables establish a structural basis for the inflationary dynamics in Indonesia.

The Johansen trace statistics demonstrate considerable cointegration at the 5% level, affirming long-term equilibrium among the variables. In the medium term, VECM estimates indicate that inflation reacts considerably to shocks in monetary policy, exchange rates, and governance. A 1% augmentation in M2 results in a 0.28% escalation in annual inflation over three quarters. A 1% decline in the real exchange rate results in a 0.19% increase in inflation within the same period. A one-point reduction in the CPI score (indicating increased corruption) accelerates inflation by 0.12% over two quarters. These studies collectively confirm that inflation is affected by both technical and institutional factors.

**Tabel 1. Dynamic Impact of Macroeconomic Shocks on Inflation in Indonesia (IRF)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Variable** | **Shock** | **Impact on Inflation** | **Time Lag** |
| M2 | +1% | +0.28% | 3 quarters |
| Real Exchange Rate | +1% depreciation | +0.19% | Immediate–3Q |
| CPI (worsening corruption) | –1 point | +0.12% | 2 quarters |

Table 1 encapsulates the impulse response findings from the Vector Error Correction Model (VECM), illustrating the projected impact of a one-unit shock in critical macroeconomic variables—money supply (M2), real exchange rate, and the Corruption Perception Index (CPI)—on inflation rates in Indonesia. The impact column denotes the average percentage variation in inflation subsequent to each shock, whilst the time lag column delineates the length necessary for the effect to manifest or reach its zenith. The findings indicate that:

1. An increase of 1% in M2 results in a 0.28% increase in inflation over three quarters, illustrating the inflationary effects of monetary growth.
2. A 1% decline in the real exchange rate leads to a 0.19% rise in inflation, with the impact being immediate and lasting for up to three quarters.
3. A one-point decline in CPI, signifying an increase in corruption, elevates inflation by 0.12% after a delay of two quarters, highlighting the significance of institutional trust in maintaining price stability.

These data substantiate the assertion that inflation is affected by both technical monetary variables and ethical and institutional issues.. Impulse-response analysis further reveals that inflation in Indonesia responds strongly to liquidity shocks. The inflationary impact of M2 peaks in the third quarter and gradually fades by the seventh quarter, suggesting a delayed yet persistent monetary effect. This "rise-then-fade" pattern is reminiscent of the inflation cycle described by al-Maqrīzī in 15th-century Egypt, reconstructed through historical wheat price data. Thus, the quantitative evidence demonstrates that inflation is structurally driven by monetary expansion, exchange rate instability, and institutional decay. Controlling inflation, therefore, demands not only technical monetary interventions but also long-term institutional reform and ethical governance.

**Al-Maqrīzī’s Monetary Insights in Historical Arabic Context**

In the qualitative phase, thematic analysis of al-Maqrīzī’s texts yields three dominant themes aligned with the quantitative findings: the importance of currency purity, the dangers of excessive money issuance, and the socio-economic harm caused by unjust governance. Al-Maqrīzī repeatedly emphasizes that debasement of dinars and dirhams erodes public trust and leads to commodity price inflation. He writes:

«فإذا خلطوا الذهب والفضة بالنحاس قلّ اعتماد الناس على المعاملات، وارتفعت الأسعار، وفقدت الدراهم والدنانير قوتها الشرائية»

(Ighāthat al-Umma, 808 H)

This insight mirrors real exchange rate depreciation in contemporary monetary analysis. His critique of fulūs overproduction parallels modern concerns over liquidity expansion via central bank operations. He notes:

«وصاروا يضربون الفلوس ضرباً كثيراً حتى طفحت بها الأسواق، وارتفعت الأسعار، وضاق الناس ذرعاً بذلك»

(Ighāthat al-Umma, 808 H)

This historical narrative supports the VECM finding that increased money supply fuels inflation. He also denounces the fiscal injustice perpetrated by corrupt tax collectors:

«وأخذوا من الرعية ما لا يجب عليهم، وارتكبوا في ذلك صنوفاً من الظلم، فأدى ذلك إلى نفور الناس من السوق، وكسدت البضائع»

(Ighāthat al-Umma, 808 H)

This aligns with the CPI variable and its inflationary impact identified in this study. Al-Maqrīzī’s texts reveal three predominant themes consistent with the quantitative findings: the significance of currency integrity, the perils of excessive monetary supply, and the socio-economic detriment inflicted by unfair governance. Al-Maqrīzī consistently asserts that the devaluation of dinars and dirhams undermines public confidence and results in inflation of commodities prices. He states: "When gold and silver are alloyed with other metals, public trust diminishes and prices soar, as the intrinsic value of currency becomes compromised" (Ighāthat al-Umma, 808 H). This observation reflects the decline of actual exchange rates in current monetary analysis. His critique of fulūs overproduction mirrors contemporary apprehensions regarding liquidity growth through central bank interventions.

He observes: "The government has minted fulūs in excess of market demand, resulting in a market saturated with worthless currency. This historical account corroborates the VECM conclusion that an augmented money supply stimulates inflation. He also condemns the fiscal unfairness inflicted by crooked tax collectors: "The tax collectors extract more than what is mandated by law, burdening merchants and fostering animosity towards the state." This aligns with the CPI variable and its inflationary impact identified in this study. The texts reveal three predominant themes consistent with the quantitative findings: the significance of currency integrity, the risks associated with excessive money creation, and the socio-economic damage inflicted by inequitable governance. Al-Maqrīzī often underscores that the debasement of dinars and dirhams undermines public confidence and results in inflation of commodity prices, akin to the depreciation of the real exchange rate. His analysis of fulūs overproduction mirrors contemporary apprehensions regarding liquidity augmentation through central bank interventions. He condemns the fiscal inequity enacted by dishonest tax collectors and judicial authorities, which aligns with the function of CPI in the VECM model. Thematic correspondences reinforce the claim that inflation constitutes both a material and ethical concern. The study offers a more nuanced, contextual comprehension of price volatility by analyzing historical texts via a contemporary economic perspective. Al-Maqrīzī’s approach provides a normative framework that undergirds empirical results.

Expert interviews further validate and enhance the qualitative findings. Economists at Bank Indonesia assert that excessive liquidity, lacking a proportional increase in real sector output, is a primary driver of inflation, consistent with the M2-inflation relationship. Islamic finance scholars view al-Maqrīzī’s focus on equitable taxation and currency integrity as precursors to contemporary concepts of fiscal accountability and macroeconomic control. Jurisprudential specialists consider the ethical aspects of money fundamental to Islamic economic principles, enhancing the interpretation of CPI as a governance indicator. These conversations collectively underscore the significance of al-Maqrīzī’s ideas in modern contexts. They also emphasize the persistent disjunction between ethical discourse and policy execution. This disparity offers a chance to reformulate policy with a more robust normative foundation, as shown by the study's approach.

In conclusion, the amalgamation of quantitative and qualitative findings substantiates the principal assertion that inflation is not solely an economic disparity but a manifestation of systemic institutional and ethical constraints. The alignment between VECM estimations and al-Maqrīzī’s thematic preoccupations illustrates the persistent significance of classical insights. Both phases of the research indicate the necessity for policy interventions that concurrently address monetary management, currency valuation, and institutional integrity. The triangulation of data sources enhances the legitimacy and depth of the study, hence substantiating value-driven macroeconomic policymaking. These findings enhance both scholarly literature and practical policy discussions in Islamic and conventional economics. They provide a historically informed, ethically based, and statistically substantiated framework for comprehending and tackling inflation. The results demonstrate the practicality and imperative of including ethical considerations into conventional macroeconomic frameworks.

**Reframing Inflation as a Fiqh and Institutional Disorder: Integrating al-Maqrīzī’s Thought with Econometric Evidence**

This study's synthesis of econometric and textual findings confirms that inflation in Indonesia cannot be entirely elucidated by technical elements alone. The VECM analysis establishes statistically significant relationships between inflation and macroeconomic indicators, namely money supply (M2), real exchange rate, and Corruption Perception Index (CPI), which closely correspond to al-Maqrīzī’s classical assessments rooted in Islamic commercial jurisprudence (fiqh al-muʿāmalāt). The convergence indicates that inflation arises from both liquidity expansion and diminished ethical and institutional governance. Al-Maqrīzī noted that in Mamluk Egypt, the decline of monetary stability frequently coincides with moral deterioration and societal distrust. This substantiates the study's conclusion that inflation signifies not only price distortion but also the disintegration of economic justice.

These analogies are intentional. Al-Maqrīzī’s denunciation of fulūs overproduction aligns exactly with this study’s conclusion: a 1% increase in M2 results in a 0.28% escalation in inflation within three quarters. His condemnation of coin debasement as a moral transgression is evidenced by the 0.19% inflation impact associated with exchange rate depreciation. Similarly, his depiction of inequitable tax collection reflects the inflationary impact of deteriorating governance (0.12% increase for each lost CPI point). These findings validate that al-Maqrīzī’s normative concepts—namely iḍṭirāb al-sikka, iḥtikār, and amānāt al-ḥukkām—are translatable into quantifiable economic dynamics. Considering his theory as a diagnostic framework instead of mere historical commentary enables contemporary scholars to retrieve a value-oriented perspective in analyzing price instability.

These findings reconcile divergent theories of inflation from a theoretical perspective. This study takes a hybrid perspective rooted in Islamic ethics, asserting that both money supply and moral considerations are significant, contrasting with monetarists' focus on money and structuralists' emphasis on institutions and expectations (Siregar & Abdul Majid, 2022). It enhances institutionalist critiques by incorporating concepts from classical Islamic economics, hence adding historical significance. While Nila Atikah et al. (2023) have recognized the influence of corruption on inflation, few have linked it to Islamic legal theory. Furthermore, CPI is inadequately employed in Islamic economic modeling as a surrogate for fasād al-ḥukm (government degradation). This study fills the gap by integrating econometric data, literary analysis, and ethical reasoning.

Al-Maqrīzī’s perspective on monetary ethics corresponds with the aims of Islamic law (maqāṣid al-sharīʿah), particularly ḥifẓ al-māl (protection of wealth), ḥifẓ al-nafs (public welfare), and ḥifẓ al-dīn (maintenance of moral order) (Maghfiroh & Rinaldy, 2020). His advocacy for currency integrity, equitable taxation, and constrained money supply reflects the ethical principles of contemporary Islamic macroeconomics (Awaluddin, 2017). The distinguishing feature of this study is its methodological approach, which anchors ethical goals in empirical evidence. This approach contests the secular bias inherent in traditional economic policy, which often separates morality from modeling. The research indicates that ethical integrity is both theologically required and empirically significant.

This contribution's novelty also resides in its historiographical rectification. Although Islamic economic literature frequently emphasizes Ibn Khaldūn, the technical monetary insights of al-Maqrīzī are little examined. This research reinstates his significance and bolsters methodological validity through the utilization of Arabic passages from Ighāthat al-Umma and al-Nizāʿ wa-t-Taḥakkum (Latif & Syauqoti, 2023). It enhances economic research through historical awareness and ethical precision, offering benefits not only to Islamic economists but also to policy analysts, historians, and institutional reformers.

The integrated methodology employed—VECM analysis, classical text exegesis, and expert interviews—improves both the internal validity and normative depth of the results. Arabic primary sources enhance the study's uniqueness, whereas empirical models guarantee analytical precision. This triangulated design diagnoses inflation and prescribes treatments based on technical efficiency and Islamic moral accountability. It posits that successful inflation management necessitates institutional reform anchored in the ideals of fairness, trust, and transparency.

Nonetheless, the study recognizes specific limitations. The sensitivity of the VECM model to data range and variable selection may affect the size of the impacts. The qualitative analysis of texts is contingent upon translation and contextual interpretation. Expert interviews, however informative, represent a constrained sample of academic perspectives. Furthermore, historical comparisons between Mamluk Egypt and contemporary Indonesia, albeit illuminating, require careful contextual interpretation. These constraints encourage further investigations to expand the dataset, enhance Islamic governance metrics, and intensify cross-temporal analyses.

Notwithstanding these limitations, the study provides a unique and timely synthesis: it demonstrates that ancient Islamic perspectives on inflation are still pertinent, measurable, and helpful for policy-making. By reestablishing the connection between Islamic intellectual tradition and contemporary macroeconomic instruments, it encourages researchers and policymakers to reconceptualize inflation not merely as an economic aberration, but as a challenge to ethical governance.

1. **CONCLUSION**

This study has shown that inflation in Indonesia is not solely due to technical macroeconomic imbalances but is fundamentally linked to moral and institutional shortcomings. The research utilized a mixed-method sequential explanatory design to identify substantial long-term correlations among inflation, money supply (M2), exchange rate depreciation, and governance quality (CPI). These empirical findings strongly correspond with ancient Islamic perspectives, especially those expressed by al-Maqrīzī, whose critiques of monetary debasement, excessive currency issuance, and fiscal inequity remain pertinent to modern economic issues.

The incorporation of al-Maqrīzī’s fiqh al-muʿāmalāt paradigm into contemporary econometric modeling indicates that inflation should be perceived not merely as a disturbance in price levels but also as a deterioration of ethical standards and institutional trust. Concepts like iḍṭirāb al-sikka, iḥtikār, and amānāt al-ḥukkām, formerly regarded as historical, demonstrate their significance as diagnostic categories in contemporary contexts. This convergence of classical ethics and contemporary statistics highlights the imperative of integrating moral accountability and equitable governance into inflation-control policies.

The research enhances Islamic economic philosophy and practical policymaking by providing a value-integrated framework that surpasses the traditional divide between technological efficiency and ethical considerations. It asserts that effective inflation management necessitates not only monetary and fiscal coordination but also institutional transformation grounded in Islamic moral precepts. The analysis underscores the lasting insights of al-Maqrīzī and the present necessity of implementing fiqh al-muʿāmalāt to foster macroeconomic fairness and stability

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