

## Alignment of The Concept of Mohammad Hatta Cooperative and Sharia Cooperative to Prevent Inflation

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### Abstract

This article raises the concept of the cooperative "Bung Hatta" which is harmonized with the principles of Islamic cooperatives as a discourse that might be one of the models of inflation control policies in Muslim countries. Through the study of literature, the concept is presented descriptively to explain how cooperatives can become a powerful driver of the people's economy so that ultimately it becomes a solution not only to the problem of inflation that always arises in all countries, especially developing countries, but also can be a solution to the main Macroeconomic problems other than inflation, namely economic growth and unemployment.

**Keywords:** Joint ventures; profits; reserves; Islamic economics; the people's economy

## Keselarasan Konsep Koperasi Mohammad Hatta dan Koperasi Syariah untuk Mencegah Inflasi

### Abstrak

Artikel ini mengangkat konsep koperasi "Bung Hatta" yang diselaraskan dengan prinsip koperasi syariah sebagai wacana yang mungkin bisa menjadi salah satu model kebijakan pengendalian inflasi di negara-negara muslim. Melalui studi literatur, konsep tersebut disajikan secara deskriptif untuk menjelaskan bagaimana koperasi dapat menjadi penggerak ekonomi kerakyatan yang kuat sehingga pada akhirnya menjadi solusi tidak hanya masalah inflasi yang selalu muncul di semua negara, terutama negara berkembang, tetapi juga dapat menjadi solusi dari permasalahan utama ekonomi makro selain inflasi yaitu pertumbuhan ekonomi dan pengangguran.

**Kata-kata Kunci:** usaha bersama; keuntungan; cadangan; Ekonomi Islam; ekonomi rakyat

## INTRODUCTION

Increasing economic growth cannot be said as an indicator of prosperity. And the economy will not always continue to grow, because there is a limit to the ability of the real sector to grow, while the monetary sector, which at any time multiplies money far exceeds the real sector. This imbalance can lead to an economic crisis (Amin, 2007). An unstable economy and level of sales in a country are vulnerable to inflation. This state of inflation is largely avoided by the state, because it will trigger a mild to severe economic crisis (Novia, 2017).

According to Siregar, there are several controls that can be carried out on inflation both conventionally and politically in Islamic economics, including realizing an ideal market based on ethics, realizing the benefits of the economic community, by fulfilling seven conventional criteria, namely: 1) Many buyers and sellers who none of them dominate the market. 2) Buyers and sellers are free to enter the market. 3) The buyer / seller has sufficient knowledge about the quality, quantity and price of the goods sold. 4) The goods traded are the same in such a way that one does not question where they are obtained

from or where they will be sold. 5) Costs and benefits of producing or using exchanged goods are attached to each purchase and sale of goods and are not related to other parties. 6) Sellers and buyers each maximize their satisfaction. 7) The government does not interfere in regulating the price, quantity and quality of goods sold in the market. Meanwhile, in terms of political economy of Islam, the control that can be carried out on inflation at the level of economic actors is to transact on the basis of *keridlan* / like the same "*an tarāḍin*" in determining the benefits as stated in the QS. An-Nisa verse 29 (Siregar, 2014).

If we go back to the early days of the founding of the Indonesian state where the Republic of Indonesia's new economic system was formed, there is a very clear concept as contained in the 1945 Constitution Article 33 paragraph (1) emphasizing that the economy is structured as a joint effort based on family principles. and paragraph (4) states that the national economy is organized based on economic democracy with the principles of togetherness, fair efficiency, sustainable, environmentally friendly, independent, and by maintaining a balance of progress and national economic unity (Penjelasan Atas UU RI No. 01 Tahun 2013 Tentang Lembaga Keuangan Mikro, 2013). From the description above it is very clear that cooperatives are one form or system of the Indonesian people's economy that we cannot forget. Moreover, as expressed in every introduction of Savings and Loan Cooperative Statistics issued by the National Statistics Agency, cooperatives play a strategic role in driving the people's economy and national development. Because the role and function of cooperatives is not only limited to economic activities, but there is a spirit of mutual cooperation as a reflection of the collective spirit, togetherness, and principles of justice that exist in Indonesian society (Subdirektorat Statistik Keuangan, 2019). Surely cooperatives can be an alternative to reduce inflation if they are carried out seriously and with full commitment.

This article raises the concept of the Bung Hatta cooperative which is the brainchild of an Indonesian Cooperative father named Mohammad Hatta as a discourse in controlling inflation. What underlies the adoption of the Mohammad Hatta Cooperative concept as a model for controlling inflation is the purity of the purpose of the cooperative being established which is different from the current cooperative. Where the purpose of the Mohammad Hatta Cooperative is not to gain profit but to carry out joint ventures as cheaply as possible. So, from this goal it can be seen that cooperatives are a trigger for the growth of a solid economic movement from the strata of society. If the economy at that level of society is already solid then inflation is expected to be avoided.

From the background explained above, the purpose of this study is to convey the principles that should be applied in cooperatives in Indonesia based on the Bung Hatta cooperative concept, so that they can be used as a suggestion for inflation prevention.

Inflation itself is defined as an increase in prices in general and runs over a long period of time. Inflation is a chronic problem in almost every country, especially in developing countries. The cause of inflation is based on the type of inflation according to Islamic economist Taqiyuddin Ahmad ibn Al-Maqrizi (Yuliadi, 2019: 262), namely: 1. Natural inflation (natural inflation) is caused by developments in the market where there is an increase in the demand side of aggregates (AD) and or a decrease in aggregate supply (AS). Example: a) Caused by AD: an increase in people's income drives an increase in demand for goods. b) Caused by AS: crop failure, weather disturbances, political conflicts

etc. 2. Inflation due to human behavior errors (human error). Example: administrative and management errors (miss management), moral hazard behaviors such as corruption, project mark up, excessive tax and seignories that cause inefficiency in the economy.

According to the Central Statistics Agency (BPS), inflation consists of two groups (Lubis, 2014: 2): 1. Core Inflation (Core Inflation); influenced by fundamental factors such as the interaction between the demand and supply of goods or services, the external environment such as currency exchange rates, international commodity prices or inflation from trading partners, and inflation expectations from traders and consumers. 2. Non-core inflation (non-core inflation); consists of (Siregar, 2014): a) Volatile Food Inflation, influenced by shocks (shocks) in the foodstuff category such as harvests down, natural disruptions both domestically and abroad, or factors in the development of domestic food commodity prices and international food commodity prices. b) Price Component inflation due to government regulations (administered prices inflation); generally influenced by price announcement shocks such as subsidized fuel prices, electricity, public transportation, etc.

Inflation, according to Willian Oliver (William Oliver Coleman, 2007: 3–5) is built on the following economic principles: 1. The Quantity Theory of money (1969-1983); this theory explains that inflation as a reduction in the value of money must occur if the increase in the amount of money demanded has been successful during the intellectual generation. The quantity of money arises from the golden age of intellectual illumination, explaining nominal variables, real variables, goods market variables, labor market variables and balance of payments variables. The basis of this theory passes with the perceived amount of money in circulation as endogenous variables, not exogenous. Where the money supply is something that must be explained by inflation, not to explain inflation. Quantity theory does not seem promising because of the lack of a clear monetary parallel, for example, the oil market. Therefore, the two main tasks for the Quantity Theory: are to explain the idea of 'money demand', and 'money supply'. Theoretical Basis for Money Demand: a) Consumer theory, and treat money as long-lasting consumers of households that maximize utility. b) Production theory, so money is interpreted as a company input. c) Financial theory, so money is considered a financial asset of wealth manager. 2. Fiscal Theory of Price Levels, where the amount of money is basically irrelevant. From this theory there is an attempt to revive the Phillips Curve (eg Akerlof et al. (2000)). However, this effort was not timely, and had the task of explaining why the boom boom lasted so long. 3. Inflation with reference to the central bank's policy on nominal interest rates. This research considers neo-Wicksellianism as the most meritorious approach of the three. But the neo-Wicksellian approach is still underdeveloped. That still needs to be assimilated outside of the academic journal reader.

In the discussion about the classification of inflation above, inflation does not just happen. There are factors that can influence inflation. There are at least fifteen factors that influence inflation that can be summarized, namely (Amd, 2018: 2): Demand (Demand Pull Inflation), Increased Money Supply (Quantity Theory Inflation), Increase in Production Costs (Cost Push Inflation), Mix Inflation, Structural Stiff Economy (Structural Inflation Theory), Expected Inflation, Domestic Price Increase, Aggregate Expenditures that Exceed Capability, Demands to Increase Worker's Wages, Adding Money Deals.

Domestic Political Turmoil, Hampered Production and Distribution of Goods and Services,

Fluctuations from abroad, Increase in Fuel and Electric Basic Tariff (TDL), There is pressure from certain groups to obtain loans with light interest.

This theory was put forward by an economist named Keynes, who stated that the occurrence of inflation was caused by people who wanted to live beyond the limits of their economic capacity. People fight over their fortune to be able to use more available goods and services, consequently demand will exceed supply. In this condition, an inflationary gap occurs. The inflation gap is due to a winning group (consisting of the government, employers and laborers) who are able to realize their desires because they are supported by a number of funds. How do the winning groups get funding? The government obtained funds by running a deficit budget that was closed by printing new money. Printing new money will encourage inflation. Workers obtain funds by demanding higher wages. The provision of higher wages will trigger an increase in the prices of goods and inflation will occur (Teori-Teori Inflasi : Teori Kuantitas Fischer, Teori Keynes dan Teori Strukturalis | Ensikloblogia, n.d.).

Cooperatives have their own business models, where the customers are their own members. Cooperatives represent a sizeable portion of the European banking industry. For example, in Austria cooperatives represent 29% of the industrial market share, in Germany 51%, in Italy 61% and in Spain 31% (Ephraim Clark a, Davide Salvatore Mare b, Nemanja Radic, n.d.).

The cooperative delivered by Mohammad Hatta was built based on the spirit of the Indonesian nationality movement thirty years prior to the independence of the Republic of Indonesia, namely the slogan "self-help" which has meaning if you want to progress, then try yourself by not expecting help from others. According to him, for people who are weak economically there is no other way to advance their business other than cooperation (he called it at the time for cooperatives). Cooperatives are a weapon of alliance for the weak to defend their lives (Hatta, 1954: 119).

The cooperative designed by Bung Hatta (Hatta, 1954: 123–126) had the following concept: First concept, the purpose of the cooperative is a joint effort with the cheapest possible way. This purpose meaning: a) Profit is not a cooperative goal. The benefits must be seen as items taken up, and only as a result of buying and selling jobs that must be done to defend the common needs earlier. The priority of cooperatives is how members can buy goods at low prices. Simply put, cooperatives make purchases and sales together, and are carried out in large quantities resulting in low costs. b) Treat the benefits obtained by cooperatives that are closer to the spirit of the cooperative is that the benefits are not distributed, but instead are made as reserve money. Because basically members already benefit from cheap purchases. The number of reserves that will increase will eventually make the cooperative's life no longer dependent on membership fees. If a member leaves, the contribution is returned. This returned money will reduce cooperative capital. The more that comes out the more withdrawal of cooperative capital. With this reserve the position of the cooperative will be strong and can be a solid basis for expanding its business. c) With the concept of achieving the necessities of life at the lowest possible cost, cooperatives can get rid of the profits of merchants who are overcharging the price of goods. So, in this case the cooperative has an economy as well as everyone has an economy.

The second concept is the cooperative must stand on two poles, namely solidarity and individual assets. Solidarity means faithful fellowship, and individuality means awareness of self-esteem. Individuality is different from individualism which demands that someone's independence act to achieve his life's needs. While individuality is the nature of a person that indicates the subtlety of reason and the determination of character that forces others to respect and look at it. The idea of Mohammad Hatta expressed that the Cooperative is the pillar of the nation's economy which is also contained in Law no. 25 of 1992 it is time for its role to be increased (*Republika Online*, 2019). So that through cooperatives the aim of economic activities is to improve the economic welfare of the community with the availability of goods and services production, employment opportunities, income distribution and economic growth can be realized (Yuliadi, 2019: 19–20).

## METHOD

Based on the background above, through a literature study, this article illustrates how the concept of cooperatives which are the result of the thoughts of Muhammad Hatta can be an alternative to preventing inflation whose movements come from the economic community. This concept description will be explained in an architectural design and the explanation in the discussion below.

## RESULTS AND DISCUSSION

### Short Biography of Mohammad Hatta

Bung Hatta or his full name Mohammad Hatta was born in Bukittinggi, West Sumatra, August 12, 1902, and died on March 14, 1980 (Ali-Fauzi, 2002). He completed the Europeese Lagere School (ELS) in 1916. Then in 1919 Mohammad Hatta graduated from Meer Uitgebreid Lagere Onderwijs (MULO) in Padang. His next school was Prins Hendrik School, and graduated in 1921. Mohammad Hatta attended handels hogere school in Rotterdam, Netherlands, majored in trade economics, then majored in state economics. He completed his studies in 1932, with a bachelor's degree in economics (Suwignyo, 2012). Mohammad Hatta's organizational experience began with being a member of Swallow's football club during MULO school in Padang, and later becoming treasurer. At the end of 1917, Bung Hatta was elected as the treasurer of Jong Sumatranen Bond (JSB) Padang. He is considered to be experienced in finance, as well as an honest man (Maryono, 2016).

The Indonesian Cooperative Congress in Bandung, July 1953 appointed Bung Hatta as the Father of Indonesian Cooperatives. Bung Hatta was the first person who persevered to work on the concept of Indonesian cooperatives to be the backbone of the Indonesian people's economy. Bung Hatta was the one who formulated article 33 of the 1945 Constitution, in addition to formulating several other articles. This article in principle regulates and at the same time becomes the main basis for economic politics and social politics of the Republic of Indonesia. He also incessantly plunged directly into the field, participated in building and growing cooperatives from below (Maryono, 2016).

### Bung Hatta Cooperative in the Sharia Economic Perspective

When viewed from the thoughts of Mohammad Hatta, although it does not explicitly show

Islamic symbols, it is full of Islamic meanings. As a statement about cooperatives which are joint ventures based on the principle of kinship which in sharia economics this is termed *shirkah*, namely the partnership system of several parties in a particular business, as well as the profits and losses borne by both parties. Then the utilization of profits obtained by cooperatives in the form of reserve is also very in accordance with the principles of Islamic economics, namely utilizing the assets owned productively. Including the terms solidarity and individuality which serve as the pillars of cooperatives, this also does not contradict the principles of Islamic economics, because solidarity and individuality are reflected in the conditions of a *khilāfah* that is to have a sense of responsibility as a Muslim. And many other things that we can see more clearly in table 1 below.

**Table-1**  
**Sharia Elements in Mohammad Hatta Cooperative**

Element	The Mohammad Hatta Cooperative Concept	Sharia Concept
Contract	Cooperative is a joint effort based on the principle of kinship; therefore, every member of the cooperative is responsible for the development of the cooperative and plays an active role in advancing the cooperative. As stated in the 1945 Constitution article 33 paragraph 1 which states that the economy is structured as a joint effort based on the principle of kinship.	This concept is in accordance with the concept of <i>shirkah</i> in Islamic economics, which is a partnership system of several parties in a certain business, where the profits and losses are borne by both parties.
Basic Values	Cooperatives must stand on the pillars of solidarity (loyal alliance) and individuality (awareness of self-esteem). This principle makes each member of the cooperative have a strong sense of brotherhood so that one another helps ease the burden.	The value of solidarity and individuality has the same concept with Islamic economics, namely that man was created by God to become a caliph on earth as God's representative to prosper the earth and the universe. Responsibility as a Muslim, makes someone have a sense of solidarity and individuality
Principle please help	A sense of brotherhood between members, makes members who are lacking helped by members who have strengths by providing services to others, both with wealth, energy, thoughts, and time.	The principle of helping is also called <i>ta'awun</i> which is used as the principle in applying the Islamic theory of property in accordance with the word of God in the Qur'an al-Mā'idah verse 2 (وَتَعَاوَنُوا عَلَى الْبِرِّ النَّفَى) "And please help you in doing good and piety"
Principle of Benefits	The cooperative aims to achieve the necessities of living together with the cheapest possible way. By paying attention to conditions both within the cooperative body itself and in the environment outside the cooperative, each member of the cooperative provides benefits to other members and is not just selfish.	This principle has a similarity in Islamic economics, namely that the available assets should be able to benefit others, not to bring futility or waste, according to the word of God in Surah al-Isrā' verse 27 (الشَّيْطَانِ إِخْوَانٌ كَانُوا الْمُبْدِرِينَ إِنَّ) "Surely the people Spender is the brother of Satan.
	The profit gained by the Cooperative is used as a reserve fund which can later be the basis for strengthening the cooperative itself and developing the expansion of the cooperative's business.	This is very much in accordance with the principles of Islamic economics which instructs to utilize possessions productively.
<i>Maṣlaḥah</i> Principle	The price improvement is in line with the objectives of sharia economics ( <i>maqāṣid shari'ah</i> ) which is to bring benefit ( <i>maṣlaḥah</i> ) and avoid harm to every transaction made.	Improving prices as one of the tasks of cooperatives can help prosper people in need, so they can buy their daily needs. Cooperatives are a solution for unscrupulous traders who like to increase the price of goods, because the joint effort is based on the principle of kinship.

Function	Bung Hatta Cooperative, is also a social body in addition to an economic body. Far different from western cooperatives which are mere economic bodies. A portion of the proceeds of his business which is a profit is donated to the community. Cooperatives are not only concerned with the interests of their members, but must provide benefits to the people of Indonesia in accordance with their duties.	In Islamic economics, cooperatives can also function as a social body that requires providing social services both to members who need them as well as to the <i>du'afā'</i> community. For example, providing members of benevolent loans with principal repayments (al-Qard) emergency loans and providing benevolent loans for members of the poor with principal repayments ( <i>qardh al-hasan</i> ) whose sources of funds come from ZIS funds ( <i>zakat, infāq and sadaqah</i> ).
Characteristics	Educating its members to be honest in conducting transactions so that the market balance is not disrupted, in accordance with the purpose of religion, which is to give life guidance to people who do what is right, good, fair, honest, and holy so that there is prosperity in the lives of people and the nation. (Hatta, 1954: 45).	One of the characteristics of Islamic economics is that it is related to morals, meaning that assets must be lawful and how to obtain them. As mentioned in the Qur'an al-Mā'idah verse 88 (طَيِّبًا حَلَالًا اللَّهُ رَزَقَكُمْ وَكُلُوا مِمَّا) "And eat from what Allah has given you as a halal and good provision"
Production	This task has similarities with the rules of production in Islam, where production is intended to meet the needs of individuals and society and achieve prosperity. By increasing production, people no longer feel deprived of meeting their needs.	According to Hatta, cooperatives should increase the production of food, handicraft and carpentry items needed by the people. By multiplying production output, the people will no longer lack so that prices become stable.
	Cooperatives provide training to producers, so the quality of the resulting value is high even up to the quality of national production. For example, a cooperative was established among rubber entrepreneurs and later built houses for smoking together with rubber, so that the price increased to three times the price of raw rubber.	This is in line with the rules of producing in Islam, namely improving the quality of human resources, both spiritual and mental and physical. In Islam, by holding on to the word of God as Surah al-Ḥashr verse 18 (تَعْمَلُونَ بِمَا خَيْرٌ لَّهِ إِنَّ) "Surely Allah knows what you are doing", so every work carried out by a Muslim should be of spiritual quality, so that building spiritual power becomes an element of being important in Islamic production.
Distribution	The purpose of cooperatives is to complement common needs. So, cooperatives improve the distribution of goods from one place to another to complete the needs needed in addition to tackling the hoarding of goods from persons who like to play with prices.	In harmony with every Islamic economic activity that is directing the mechanism of moral and spiritual based in the maintenance of social justice. Because an imbalance in the distribution of wealth is what underlies almost all individual and social conflicts. Likewise, the stockpiling of goods ( <i>Ihtikār</i> ) on the needs of public goods is prohibited in Islam because it can reduce the level of market production and disrupt price stability.

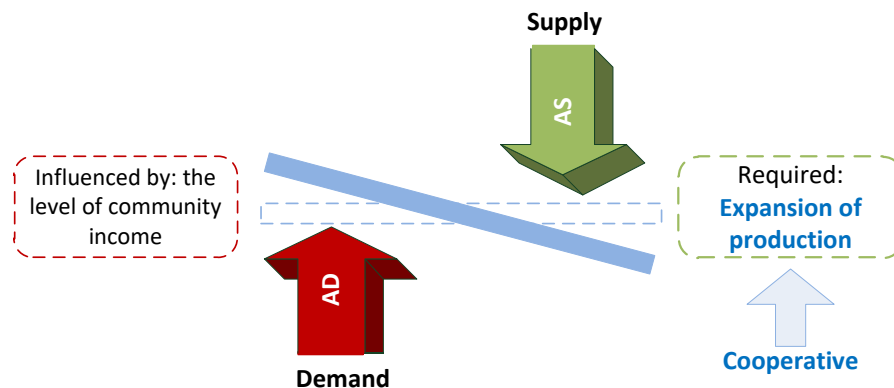
Source: (Efendi and Bakhri, 2018)

The thing that distinguishes the concept of the Bung Hatta Cooperative from the Sharia Economic Concept that is most important is interest or usury. In this case Bung Hatta explained that the borrowing member was determined by the amount of the loan and the time period to return the loan money along with the agreed rent. According to him, rent is a portion of the profits obtained with the help of other people's money. The interest paid on money loans to open a company is called productive rent. And according to him, taking productive rent is the nature of sharing profits with those who run the money by determining the share of capital first. (Efendi and Bakhri, 2018: 131) This thought is understandable because in his era which was still in colonialism, which was run is a capitalist concept. While the concept of sharia cooperation was only a few years after that.

### Inflation and Cooperatives

Generally, inflation is caused by the imbalance between commodity supply and demand, this can be illustrated in figure-1 below:

**Figure-1**  
**Inflation and Cooperatives**



When the money supply exceeds real economic growth, it will result in higher inflation which leads to loss of competitiveness, uncertainty, low savings and poverty (Yungucu and Saiti, 2016). This situation also results in commodity demand (which is influenced by the level of community income) increases steadily, while supply (which is influenced by community-held production) remains or even decreases. To increase supply, it is necessary to expand production, and cooperatives have the potential in this regard (Sugiharsono, 2012).

As mentioned above, the government as the controlling actor of inflation from the Islamic economic side must be able to maintain the stability of the base price to prevent distortions in the supply and demand balance (Siregar, 2014). Because an ideal economic condition is an economy that achieves economic equilibrium (equilibrium) in full employment (Yuliadi, 2019: 82). While economic balance is determined through the interaction of aggregate demand and aggregate supply of goods and services (Yuliadi, 2019: 93).

In line with the theory of Keynes (Keynesianism) that macroeconomic trends can affect the behavior of individual microeconomics. Because of this Keynes stressed the importance of aggregate demand as the main factor driving the economy, especially in a sluggish economy. With Bung Hatta-style cooperatives, the money circulating in the community will increase so that people will be encouraged to spend and increase their demand (along with the price offered by cooperatives cheaper than others). While the money that goes into cooperatives will be made back as investment capital by cooperatives, so this will certainly improve macroeconomic conditions. This can be illustrated as in Figure 2 below.

More about Keynes's theory, according to M.L. Jhingan in his book entitled Development Economics and Planning, Keynes's theory does not analyze the problems of underdeveloped countries, but on the contrary, Keynes's theory deals with advanced capitalist countries (M.L. Jhingan, 2018: 133). But with an analysis of the Bung Hatta cooperative concept, it seems that Keynes's theory can also be applied in any country not



only in developed countries. Or in other words, that underdeveloped countries are expected to catch up with their economies from developed countries by applying the Bung Hatta Cooperative concept.

**Figure-2**  
**Illustration of Reserve Utilization for Cooperative Profits**

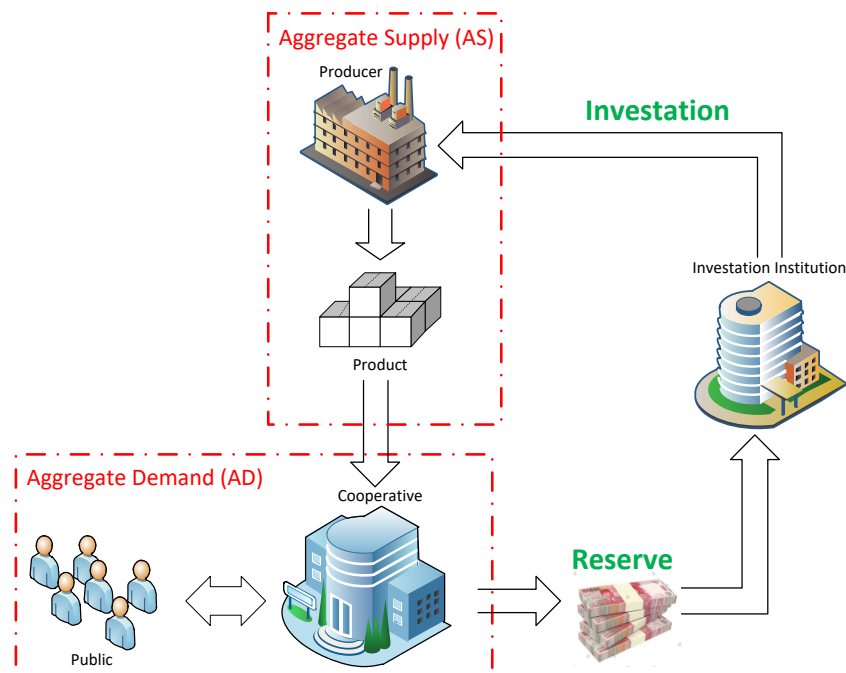
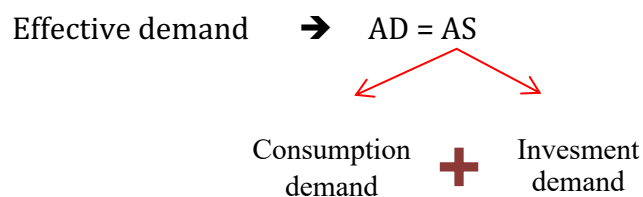


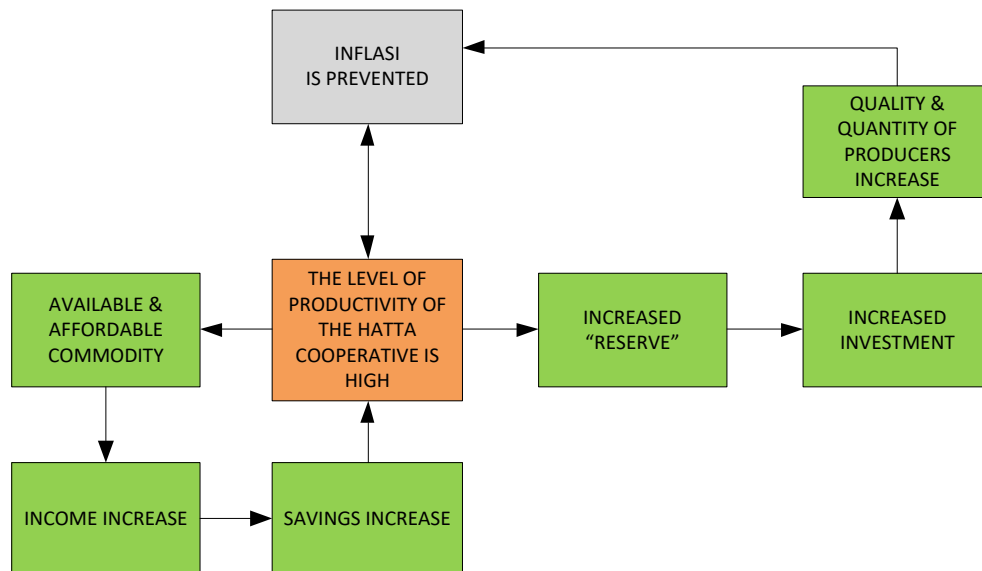
Figure 2 above explains that Effective Demand occurs when the aggregate demand (AD) price is equal to the aggregate supply price (AS) as can be seen in Fig. 3.

**Figure-3**  
**Effective demand**



From the explanation above, it can be concluded that the existence of cooperatives as a pillar of the Indonesian people's economy as expected by Mohammad Hatta has a correlation to inflation. Correlation can be modeled as shown in Figure-4 below.

**Figure-4**  
**Correlation Model of Hatta Cooperative and Inflation**



If the Cooperative with the Mohammad Hatta concept has a high level of productivity as a result of the commitment of its members towards the main objective of the cooperative on its foundation pillars called solidarity and individuality, it will make the commodity available and affordable to the local people. This is consistent with the results of research conducted by Javier Andres and Pablo Burriel that a productive company will change prices to be smaller (Andrés and Burriel, 2018). If applied in the case of this cooperative, it will also occur if the cooperative is more productive then the price which is determined will be cheaper, so that this situation will benefit the people and increase people's income. As a result, people's savings will increase. And if this goes back to the cooperative, the cooperative will have reserves that continue to increase or increase, so that it will have the opportunity to increase the value of investment in producers and eventually the quality and quantity of producers will increase. So that inflation will automatically be prevented and prevented by cooperatives.

By combining the concept of Mohammad Hatta and Islamic economic activities in cooperatives, say the body uses the Mohammad Hatta cooperative while the spirit is Islamic economic activities, then cooperatives can be applied in Muslim countries so that their economic situation becomes more stable.

### **The Role of Cooperatives in Development Economics and Planning**

Cooperatives, if analyzed again, can meet at least four criteria for the basic requirements of economic development (refer to the Basic Economic Development Requirements (M.L. Jhingan, 2018: 41–56), namely: 1. On the basis of one's own strength. The main requirement for economic development is that the process of growth must rely on the ability of the domestic economy. Cooperatives are very appropriate as one of the steps that can support this requirement, because cooperatives grow from the economic

community in our country, let alone encouraged by the motto "self-help" which has meaning if you want to progress, then try yourself by not expecting help from others. 2. Eliminating market imperfections. This requirement relates to efforts to eliminate market imperfections that cause factor immobility and inhibit sectoral expansion and development. With a cooperative, this business can be realized through cheap credit facilities or affordable goods prices. 3. Structural changes. Structural change implies the transition from traditional agricultural societies to modern industrial economies, which includes a radical shift in institutions, social attitudes and motivations. With the existence of cooperatives, this structural change can be realized because through cooperatives (especially when the cooperatives have been able to take advantage of its reserves), more job opportunities, and labor productivity of capital stock, utilization of new resources and technological improvements will be higher. For example, when agricultural production rises, this increase raises income in the agricultural sector, thereby increasing rural demand for consumer goods and employee input. Rising demand in this field is a stimulus for the expansion of the industrial sector. 4. Capital Formation. Is the most important and strategic factor in the process of economic development. The existence of a reserve as a reserve fund derived from profits obtained by cooperatives that are not re-distributed to be used as business development, can be one of the keys to economic development.

This is in accordance with the view of Masudul Alam Choudury which states that a rational Muslim does not hoard all of his savings, but will make investments with the motive of obtaining the comfort that is allowed the comfort that is allowed in the world while getting the reward of the afterlife (Masudul Alam Choudhury, 1986: 147)

## CONCLUSION

The concept of cooperatives can be included in the category of types of inflation control carried out by the economic community as one of the controllers of inflation. Cooperatives in the economic community from conventional inflation control can be an ideal market realization based on established ethics. Meanwhile, in terms of controlling inflation based on Islamic economics, cooperatives can be part of transactions on the basis of pleasure or like and like. But it would be better if the government which in this case consisted of several ministries' representatives such as Finance, ESDM, and Bid Coord. Economy, Bulog, Labor & Transmigration, Transportation, Agriculture, and Trade seriously agree to make cooperatives a part of the embodiment of inflation control both conventionally and economically in Islam.

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