

Relevance of *al-saman al-'adl* on Modern Transaction

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Abstrak

Pasar yang bersaing dengan sempurna dapat menghasilkan harga yang adil bagi penjual dan pembeli. Jika mekanisme pasar terganggu, maka harga yang adil tidak akan tercapai. Penelitian ini bertujuan untuk mengetahui pemikiran ekonomi Islam Abad Pertengahan (Al-Ghazali, Ibnu Taimiyah dan Ibnu Khaldun), menganalisis konsep permintaan dan penawaran harga dan kontribusi *al-saman al-'adl* dalam permintaan dan penawaran harga menurut Al-Ghazali, Ibnu Taimiyah dan Ibnu Khaldun (Abad Pertengahan).

Penelitian ini menggunakan metode penelitian kepustakaan (*Library research*) dengan pendekatan historis, sosiologis dan ekonomis. Sumber data yang digunakan adalah data primer dan data sekunder.

Hasil penelitian ini menunjukkan bahwa Al-Ghazali salah seorang pemikir ekonomi Islam yang menggagas konsep *al-saman al-'adl* dengan corak pemikiran yang bersifat sosialis. Ibnu Taimiyah adalah seorang ulama dengan corak pemikiran yang bersifat sosialis yang terkhusus pada mekanisme pasar lebih menekankan pada pandangan mengenai pasar bebas. Ibnu Khaldun merupakan pelopor lahirnya sosiologi yang merangkum bahasan sejarah-filsafat dan ekonomi-politik. Corak pemikiran ekonomi Ibnu Khaldun lebih mengarah kepada corak pemikiran sosialis yang sangat menekankan pentingnya suatu sistem pasar yang bebas. Konsep analisis permintaan adalah jika harga makin tinggi, maka permintaan akan makin rendah. Sedangkan, konsep analisis penawaran adalah semakin tinggi harga, semakin banyak jumlah barang yang ditawarkan. Kontribusi *al-saman al-'adl* (harga yang adil) menurut Al-Ghazali membahas permasalahan harga dan laba secara bersamaan tanpa membedakan antara biaya dan pendapatan. Kontribusi *al-saman al-'adl* (harga yang adil) menurut Ibnu Taimiyah memelihara keadilan dalam mengadakan transaksi timbal balik dan hubungan-hubungan lain diantara anggota masyarakat, konsep harga yang adil hanya terjadi pada pasar *kompetitif*. Kontribusi *al-saman al-'adl* (harga yang adil) menurut Ibnu Khaldun adalah harga sangat ditentukan oleh permintaan dan penawaran.

Kata Kunci: Pemikiran Ekonomi, Pasar, Harga, keadilan

Abstract

A perfectly competitive market can produce fair prices for sellers and buyers. If the market mechanism is disrupted, fair prices will not be reached. This study aims to determine the economic thought of Islamic Middle Ages (Al-Ghazali, Ibn Taymiyah and Ibn Khaldun), analyze the concept of demand and supply prices and the contribution of al-aman al-'adl in demand and supply prices according to Al-Ghazali, Ibn Taimiyah and Ibn Khaldun (Middle Ages). This research uses the method of library research with a historical, sociological and economic approach. Data sources used are primary data and secondary data.

The results of this study indicate that Al-Ghazali was one of the thinkers of Islamic economics who initiated the concept of al-aman al-'adl with a socialist style of thought. Ibn Taymiyyah was a cleric with a socialist mindset that was specifically focused on the market mechanism, emphasizing his views on the free market. Ibn Khaldun was the pioneer of the birth of sociology which summarized the discussion of history-philosophy and political economy. The style of Ibn Khaldun's economic thought is more directed to the style of socialist thought which strongly emphasizes the importance of a free market system. The concept of demand analysis is that the higher the price, the lower the demand will be. Meanwhile, the concept of supply analysis is the higher the price, the more number of goods offered. Al-šaman al-'adl's contribution (fair price) according to Al-Ghazali addresses the issue of price and profit simultaneously without distinguishing between costs and income. The contribution of al-šaman al-'adl (fair price) according to Ibn Taymiyyah maintains fairness in conducting reciprocal transactions and other relationships among members of the community, the concept of a fair price only occurs in competitive markets. The contribution of al-šaman al-'adl (fair price) according to Ibn Khaldun is the price is very much determined by the demand and supply.

Keywords: Economics Thought, Market, Price, Fair.

INTRODUCTION

Islamic teachings pay great attention to the perfection of market mechanisms. A perfectly competitive market can produce fair prices for both sellers and buyers. If the market mechanism is disrupted, fair prices will not be reached. Vice versa, fair prices will encourage market participants to compete perfectly. If the price is not fair, then market participants will be reluctant to trade or be forced to continue to deal with losses. Therefore, Islam is very concerned about the concept of a fair price and a perfect market mechanism. However, often the market prices created are considered to be incompatible with policies and the overall economic situation. The operation of a market will be determined by several factors, first about the price, demand and supply, which when the above factors run according to the rules in the market, it is certain that the economy in the market will be stable (Amiruddin, Ismail, & Hasim, 2019)

An item in a city, for example, if a city develops and its population increases, the price of basic goods will decrease while the price of luxury goods will rise. This is due to the increased supply of food and other basic goods because these goods are very important and needed by everyone so procurement will be prioritized. Meanwhile, prices of luxury goods will rise in line with rising lifestyles that result in increased demand for luxury goods. The effect of rising and falling offers on prices depends on the availability of goods, because when there are few available goods, prices will rise. However, if the distance between cities is close and safe, a lot of goods will be imported so that the availability of goods will be abundant and prices will fall. (P3EI)

Buying and selling business is run with a motive to meet the needs and desires and increase wealth by increasing profits in line with increasing sales volume that can not be separated from demand and price quotes (Amiruddin, SYAIBANI ECONOMIC THOUGHT ON AL-KASB', 2019) However, not a few of the business people who run their businesses are in accordance with the concept of livelihood search that brings to the blessing of Allah SWT.

The explanation of the above verse is, And we make it daytime as a time to look for livelihood efforts, because all human activities and activities are carried out during the day, both concerning their living needs and in terms of looking for livelihood efforts. The business that humans run in looking for a living is very diverse, according to their interests, expertise and opportunities in running it. One very important business is trading or buying and selling. As in Q.S. al-Baqarah/2: 198

The above verse gives a feeling to the person who did it that he was looking for the gift of Allah SWT when he traded, when he was working for wages and when looking for reasons for sustenance. Because, he does not give fortune to himself with his work. However, he only sought gifts from Allah, then Allah gave him. Therefore, it is proper for him not to forget this essence, namely that he seeks the gift of Allah SWT. He will get this gift when he tries and works and obtains his sustenance through the causes he does to obtain sustenance. (Quthb, 2000)

Allah SWT has set rules in carrying out economic life and set certain limits on human behavior so that it benefits one individual without compromising the rights of other individuals. Their behavior which is stipulated in the Law of Allah / Sharia must be monitored by the community as a whole, based on Islamic rules. Allah SWT establishes Islamic law to realize a just and prosperous life in all its aspects. Justice is honesty, straightness and sincerity which are not biased. In the context of human relations, experts put forward three meanings of justice in the Qur'an. First, fair in the sense of each other. Second, fair meaning balanced and third, fair in the sense of attention to individual rights and give those rights to each owner; put something in its place. (Kementrian Agama RI, 2013)

Economic efforts must be carried out ethically within the framework of Islamic law, Islamic Economics considers that the market, state and individuals are in balance (iqtishad), there must be no sub-ordinate, so that one of them becomes dominant over the other. The market is guaranteed its freedom in Islam. The free market determines the methods of production and prices, there should be no disruption that results in damage to market balance. However, in reality it is difficult to find a market that runs on its own fair (fair) market distortion still occurs frequently, so that it can harm the parties. The concepts and general rules

in the Islamic economic system that aim to motivate economic activities through market mechanisms, profit is the ultimate goal of investment activities or transactions (Amiruddin, Waqf Conflict

Resolution Through Mediation (Islamic And Bugis Norm Perspective)', Li Falah: Journal of Islamic Economics and Business Studies, 2019)

Islamic thinkers in the second period (450-850 H / 1058-1446 AD) contributed to economic thought. The second period began in the 11th century until the 15th century AD which is known as the phase of improvement because it left a very rich intellectual heritage. Muslim scholars in the past were able to develop a concept of how people carry out economic activities that should be based on the Qur'an and the Hadith of the Prophet. (Chamid, 2010)

There are great thinkers whose work has been used as a reference to date, for example Al-Ghazali, Ibn Taymiyah and Ibn Khaldun and many more. These thinkers do indeed work in a wide variety of fields of science, but their economic ideas are very bright and forward-looking. (Chamid, 2010) Therefore, the author is interested in studying further the concept of al-šaman al-ladl according to Islamic economic thinkers and their relevance in modern financial transactions

METODE PENELITIAN / METHODS

Based on the problems to be examined, this research is included in the type of library research. Data collection is by searching books and writings in other forms related to the object of research. Besides that, books and other writings that support the depth and sharpness of the analysis in this study are also explored and reviewed.

After the data is collected and classified according to the problem discussed, the writer analyzes the existing data. In discussing and analyzing the data, the writer uses a descriptive analysis method that is, by collecting data and making a framework and analyzed, so that it can be arranged as needed in this paper to answer the problem formulation so that a conclusion is obtained from the results of the study. The author uses the method of content analysis (content analysis) that is, a researcher conducts a discussion of the contents of written or printed information in the mass media. The data analysis techniques of this scientific work use induction, deduction and comparative techniques. The author uses two approaches, namely the Historical Approach and the Sociological Approach

DISCUSSION

Fair according to Islam is the most important norm in all aspects of the economy. The economic freedom prescribed by Islam is not absolute freedom that is free from various bonds (Syatar, Amiruddin, & Rahman, 2020). Therefore, the pillar of economic freedom that stands on respect for human nature and glory must be perfected with another pillar, namely justice. As stated in Q.S an-Nahl/16:90

Allah SWT, mentions that He commands His servants to be fair, that is, middle and balanced. And Allah Almighty commands to do good.

Al-Ghazali's contribution regarding *al-šaman al-'adl*

While not discussing it using modern terms, there are many parts of his books that show the depth of Al-Ghazali's thought about supply and demand theory. Throughout his writings, he spoke of "prevailing prices, as determined by market practices", a concept which was later known as *al-šaman al-'adl* (fair price) among Muslim scientists or equilibrium prices (equilibrium prices) among Contemporary European scientists. Al-Ghazali points to a positive slope of the supply curve when he states that if a farmer does not get buyers for his products, he will sell them at very low prices. His understanding of market power is clearly visible when discussing high food prices, he states that prices should be pushed down by reducing demand which means shifting the demand curve to the left. (Karim) Although Al-Ghazali does not explain supply and demand in modern terminology, he points out that the supply curve that "rises from the lower left to the upper right" states that "if the farmer does not get buyers and goods, he will sell them at a cheaper price", while for the demand curve "goes down from top left to bottom right" it says that "prices can be reduced by reducing demand (Amiruddin, Khiyār (Hak Untuk Memilih) Dalam Transaksi On-Line: Studi Komparasi Antara Lazada, Zalara Dan Blibli, 2016).

He also seems to have an insight into the concept of demand elasticity when he states that reducing profit margins by reducing prices will cause an increase in sales and hence an increase in profits. Al-Ghazali also realized the demand for "inelastic prices". In this case, he explained that because food is a basic requirement, profit motivation must be as minimal as possible to encourage food trade, because exploitation can occur through the application of excessive levels of prices and profits. He stated that

because profits were "excess", profits generally had to be sought through goods that were not a basic necessity. (Karim) The concept of demand elasticity "Reducing profit margins by selling at lower prices will increase sales volume and this will in turn increase profits." In fact, it has identified food products as commodities with an inelastic demand curve. " Because food is a basic necessity, food trade must be minimally driven by profit seeking motives to avoid exploitation through the imposition of high prices and large profits. Such benefits should be sought from goods that are not a basic need "

Like other scientists of his time, Al-Ghazali discussed the problem of price and profit simultaneously without distinguishing between costs and income. While expressing criticism of profit seekers, he acknowledged the motivation for seeking profit and its sources. He considers profit as a reward for risk and uncertainty, because they (traders and business people) suffer many difficulties in making profits and taking risks and endanger their lives in trade caravans.

As mentioned, Al-Ghazali was very critical of excessive profits. According to him, if a buyer offers a price "higher" than "the prevailing price", the seller must reject it, because profits will be excessive even though it is not a tyranny if there is no fraud in it. In this regard, he stated that normal profits should range between 5 to 10 percent of the price of the goods. Furthermore, he stressed that sellers should be driven by the "profits" that will be obtained from the "essential" market, the afterlife. When discussing prices, it is usually directly linked to profit, although Al-Ghazali does not agree with excess profits to motivate traders. However, for Al-Ghazali, the real benefit is the profit in the hereafter (Amiruddin, IMPOSISI FATWA TERHADAP REGULASI PERBANKAN SYARIAH, 2018).

Contribution of Ibnu Taimiyah regarding *al-saman al-'adl*

The fair price according to Ibn Taymiyyah is:

"The price value at which people sell their goods and are generally accepted as being commensurate with the goods sold or other similar items at a certain place and time".

In the Book of Al-Hisbah, Ibn Taymiyyah further clarifies what is meant by a fair price, namely:

"If people trade their merchandise in the usual way, without any party being wronged then the price increases because of the reduced supply of goods or because of increasing population (demand), then it is solely because of Allah SWT. In such a case, forcing traders to sell their merchandise at a certain price is an unjustifiable act of coercion. "

There are two themes that are often found in Ibn Taymiyah's discussion of the price issue, namely equal or fair compensation ('iwad al-mitsl) and an equivalent or fair price (tsaman al-mitsl). He said: "Equal compensation will be measured and assessed by equal things, and that is the essence of justice (nafs al--Adl)".

Fair compensation is a commensurate replacement which is the equivalent price value of an object according to custom (Amiruddin, Mulakhash Fi Fikih Muamalat, 2019) Equal compensation is measured and estimated by equals without additional or subtraction, this is the essence of justice. The fair price is the value of the price at which people sell their goods can be generally accepted as commensurate with the goods sold or other similar items at a certain place and time (Syaputra, 2014). The justice desired by Ibn Taymiyyah is related to the principle of la dharar which is not to hurt and not harm others. Then doing justice will prevent acts of wrongdoing. (Chamid, 2010)

1. Ibn Taymiyah's concept of equal compensation ('iwadh al-mitsl) is not the same as a fair price (tsaman al-mitsl). The issue of fair or equal compensation ('iwadh al-mitsl) arises when discussing the issue of moral and legal obligations. According to him, these principles are contained in the following cases:
2. When a person is responsible for endangering another person or damaging property or profits.
3. When someone has an obligation to pay back a number of goods or an equivalent profit or pay compensation for the injuries of some other people.

4. When a person is asked to determine the broken contract (al-‘uqud al-fasidah) and the contract (al-uqud al-shalihah) in an event that deviates in life and ownership rights. (Karim)

Ibn Taymiyyah stated that what is meant by equality is the same number of special objects in general terms (urf). This is also related to price levels (si'r) and habits ('adah)". Furthermore, he argued that the correct evaluation of fair compensation is based on the analogy and estimation of the goods with other equivalent goods. (Karim)

In economic analysis it is assumed that the demand for an item is mainly influenced by the price level. In the law of demand, the nature of the relationship between the demand for goods and the price level are described. The law of demand is essentially a hypothesis which states: "the lower the price of an item, the more demand for that item. Conversely, the higher the price of an item, the less demand for that item. " Vice versa, the law of supply that explains the relationship between the price of an item and the amount of that item offered by the seller. Ibnu Taimiyah mentioned two sources of supply, namely local production and imports received.

The concept of a fair price according to Ibn Taymiyyah only occurs in competitive markets. There is no regulation that disrupts the price balance unless there is an attempt to disturb the balance, which is a condition where all factors of production are used optimally and there is no idle. Because competitive market prices are a natural trend. Ibnu Taimiyah revealed that if people sell their merchandise at normal prices (price increases are influenced by lack of inventory due to decreasing supply of goods), then this does not require regulation of prices. Because the price increase is a fair price increase and is in perfect competition, without speculation.

Ibn Taymiyah's concept of an equal or fair price has something in common with the concept of a fair price delivered by a scholastic thinker named Aquinas. However, Ibn Taymiyyah gave a broader meaning. He advocated setting a fair price with consideration if an item was not available somewhere.

Explicitly, he proposed consideration to bring together the subjective value of the buyer with the objective value of the seller. The main objective of fair prices is to maintain fairness in entering into reciprocal transactions and other relationships between community members. In the concept of fair prices, the seller and buyer both feel justice. (Karim)

Contribution of Ibnu Khaldun regarding *al-šaman al-‘adl*

For Ibn Khaldun, price is the result of the law of supply and demand. The only exception to this law is the price of gold and silver, which is the monetary standard. All other items are subject to price fluctuations that depend on the market. If an item is scarce and requested, the price is high. If an item is abundant, the price is low. (Karim)

In general, Ibn Khaldun strongly emphasized the importance of a free market system. He opposes state intervention on economic problems and believes in the efficiency of the free market system. Prices are very much determined by demand and supply. Falling prices cause producer losses and vice versa rising prices will distress consumers. The price of "peace" in a case like this is highly expected by both parties, because it not only allows traders to get a return that is tolerated by the market and is also able to increase market excitement by increasing sales to obtain a certain level of profit and prosperity. However, low prices are also needed, because they provide space for the poor who make up the majority in a population. (<http://elib.unikom.ac.id>, 2017)

Thus, a stable price level with a relatively low cost of living becomes a choice for people with a growth and justice perspective in comparison to periods of inflation and deflation. Inflation will damage justice, while deflation will reduce incentives and efficiency. Low prices for basic necessities should not be achieved by setting a standard price by the state, because that would damage the incentives for production. (Chamid, 2010)

In another case, Ibn Khaldun also explained that it is benefits that drive demand. In other words, when the benefits of something are large, the demand will also be greater, and vice versa. Ibn Khaldun distinguishes between primary and secondary needs and he distinguishes between the markets of cities with many inhabitants and markets with few inhabitants, in terms of applying the law of supply and demand. Said Ibn Khaldun in the book Muqaddimah with the title "prices in the city".

All markets according to human needs. Among them are primary needs (staples or dharuri), which are staple foods, such as wheat and anything like it, such as vegetables, onions, garlic and so forth. There are also needs that are secondary (hajati) and those that are tertiary (perfect or kamali), such as side dishes, fruits, clothing, daily equipment, vehicles, other handicrafts and buildings. So when the city expands and has a lot of population, the prices of basic necessities such as staple foods and the like become cheap and complementary needs, such as side dishes, fruit and what is meant to be expensive. Meanwhile, when the population of the city is small and development is weak then the reality is the opposite.

Small towns and people have little staple food because of the lack of work and what they can expect there because of the small size of their city, namely the lack of staple food. They only rely on what their own hands produce and then hoard it. As a result, their availability becomes scarce for themselves and expensive for those who offer it. Meanwhile, regarding the facilities their needs did not reach there because of the small population and weak conditions.

Sometimes in the price of staple foods it also entails financing costs, namely taxes, tributes for the sultan in markets, city gates and for tax collectors in the benefits they impose on buying and selling transactions as they wish themselves. Therefore, prices in the city are more expensive than prices in the interior. Because taxes, liabilities and obligations in the interior are few or even none, while there are many in the city. (Ibn Khaldun)

If city dwellers have more food than they need, the price of food will be low, but in a small town, food is small, prices of food will be high. When there are few items available, prices will rise. However, if the distance between cities is close and safe, a lot of goods will be imported so that the availability of goods will be abundant so that prices will fall.

CONCLUSION

Al-Ghazali's style of thinking is socio-economic thinking which has its roots in a concept which he calls "the function of social welfare". The pattern of thought of Ibn Taymiyyah is specifically on the market mechanism which emphasizes the view of the free (socialist) market. The pattern of economic thought of Ibn Khaldun was more towards the style of socialist thought. In general, Ibn Khaldun strongly emphasized the importance of a free market system.

Al-saman al-'adl's contribution (fair price) according to Al-Ghazali is to discuss the problem of price and profit simultaneously without distinguishing between costs and income. According to Ibn Taymiyyah al-saman al-ladl (fair price) is maintaining justice in entering into reciprocal transactions and other relationships among community members. According to him, the concept of a fair price only occurs in competitive markets. According to Ibn Khaldun, al-saman al-'adl (fair price) is the price determined by supply and demand. A fall in prices can cause losses to producers and vice versa increases in prices will distress consumers.

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