

TRADITIONAL MARKET INSIGHT FROM IMAM AL-GHAZALI'S ISLAMIC ECONOMIC PERSPECTIVE

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Abstract

Traditional markets are one of the heart of the community's economy. This study aims to examine how traditional markets in Imam Al-Ghazali's Islamic economic perspective. The method in this research is a descriptive analysis in the form of library research using a qualitative research approach. In this study, used secondary data obtained from previous research studies and other literature with similar research topics. From this research, the results of the study are as follows. Traditional Market is a market that is built and managed by the Government, Regional Government, Private, State-Owned Enterprises and Regional-Owned Enterprises including cooperation with the private sector with business premises in the form of shops, booths and tents owned/managed by small, medium, and non-governmental traders. or cooperatives with small-scale businesses, small capital and with the process of buying and selling merchandise through bargaining. Al-Ghazali in building the economy, especially in market economic issues, departed from the principles of monotheism, the hereafter, and treatises. From this principle, the multidimensional goals of economics are built. Not only aims to be material oriented but also in order to achieve spiritual satisfaction.

Keywords: Traditional Market, Islamic Economic, Imam Al-Ghazali

Introduction

The market is a sector that is quite taken into account in economic governance. A market is a place where buying and selling transactions occur. There are various types of markets according to the form of activity, the market according to the transaction method, the market according to the type of goods, and the market according to the freedom of distribution. But in general, the market can be divided into two, namely traditional markets and modern markets. Traditional markets are characterized by direct transactions between buyers and sellers and usually, a bargaining process occurs. Traditional markets also contribute to regional income by enacting a market retribution policy. Currently, traditional markets are still trying to survive amid an increasingly rapid modernization (Nurhadi, 2019).

Traditional markets can be referred to as local wisdom. Local wisdom is a set of knowledge possessed by people living in an area, supported by technology created to support daily life. Traditional markets as part of the culture of the local community must be preserved so that they do not become stories that can only be guessed at. Traditional markets are the driving force of the community's economy, the presence of traditional markets is very much needed amid during in society to meet primary and secondary needs. The advantage of the traditional market in addition to transactions through the bargaining process is that the products or commodities traded come from the community originating, for example agricultural, plantation and handicraft products. So that the presence of traditional markets can improve the economy in the community (Febrianty, 2013).

Strengthening the real economic sector of traditional markets is very important considering the position of traditional markets is increasingly being displaced by the hegemony of modern markets. During this situation, people are increasingly being treated to a variety of modern shopping that provides a more comfortable atmosphere and offers discounted prices even if only for certain products. Competition between modern markets through price competition and promotions makes traditional markets even lagging. The existence of

traditional markets is one of the most tangible indicators of community economic activity in an area. Therefore, the government should be able to pay attention to the existence of traditional markets as one of the public facilities that support community economic activities (Thahir et al., 2020).

Islam places the market in an important position in the economy because the market from an Islamic perspective is seen as a place that has its advantages for the wider community. In the market, there is what is called a market mechanism. The market mechanism is the interaction between supply and demand that will determine a certain price level. The market mechanism in Islamic economics has characteristics that are by the principles of Islamic law. The Prophet highly appreciated the price set by the market as a fair price. He rejects the existence of price intervention if price changes occur due to a fair market mechanism. However, the market price here must be based on morality, honesty, openness, and fairness. If these values are upheld, then there is no reason to reject the market price (Lahuri et al., 2021).

Al-Ghazali is one of the scholars who discuss and pay attention to problems in economic activities including those related to the market. Surprisingly, Al-Ghazali presents a detailed discussion of his thoughts on the evolution of the market. Al-Ghazali's thoughts on the evolution of the market, in general, state that the problem of market evolution departs from the principles of monotheism, the hereafter, and the treatise. Because these principles are the main basis for living life. From this principle, the multidimensional goals of economics are built. Not only aims to be material oriented but also to achieve spiritual satisfaction (Surur, 2021). Al-Ghazali's thought about the evolution of the market is a thought that seeks to avoid harm and always prioritizes the benefit by always being bound to Islamic law. The evolution of the market is a trigger for humans to do noble behavior that can help others. In the evolution of the market, the conditions for obtaining welfare are peace, wealth, mutual love, and mutual respect for the rights of others. Thus Al-Ghazali has clearly stated mutuality in economic exchange. However, there are many discrepancies between the current economic reality and Al-Ghazali's thinking. Today's economic activity is more profit-oriented (Kuntoro, 2019).

Based on this, this paper will discuss traditional markets from the perspective of Imam Al-Ghazali's Islamic economy.

Methodology

This research uses a descriptive qualitative approach. A descriptive approach is a research approach that aims to make a factual and systematic description of the problems studied. This research is a type of library research conducted through a study of various kinds of literature relevant to the research. The data in this study were obtained from secondary sources. Data from secondary sources were collected through a review of various kinds of literature relevant to the research. The literature in question is in the form of journal articles from previous research related to Imam Al-Ghazali's thoughts, especially those related to the traditional market economy. The use of secondary sources was chosen because of considerations of effectiveness and efficiency to support the completion of this research. The data obtained were studied carefully by conducting data selection to produce accurate data. Data analysis in this study uses content analysis techniques, namely content analysis from secondary data sources used in research according to the needs and criteria set by the researcher (Yusuf, 2014).

Result and Discussion

Traditional Market

In simple terms, a market is a place where producers and consumers meet. Producers are those who produce goods and services, while consumers are those who need goods and services. This place where producers and consumers meet is called the market, while the term "traditional" indicates that economic actors operating in it use relatively simple methods and often rely on intuition rather than management knowledge. Traditional market activities are described as busy and busy with bargaining activities here and there. This bustling bargaining activity is one of the characteristics of traditional markets. Traditional Market is a market that is built and managed by the Government, Regional Government, Private, State-Owned Enterprises, and Regional-Owned Enterprises including cooperation with the private sector with business premises in the form of shops, kiosks, booths, and tents owned/managed by small, medium, and small traders.

non-governmental organizations or cooperatives with small-scale businesses, small capital, and with the process of buying and selling merchandise through bargaining (Yulia & Oktaviani, 2018).

Traditional markets are places where sellers and buyers meet and are marked by direct buyer-seller transactions and usually, there is a bargaining process, the building usually consists of stalls or outlets, booths, and open grounds opened by the seller or a market manager. Most sell daily necessities such as food ingredients in the form of fish, fruit, vegetables, eggs, meat, cloth, clothing, electronics, services, and others. In addition, some sell cakes and other items. Traditional markets are closely related to cultural elements, namely social systems and organizations, and are related to livelihood systems. The existence of a market causes direct or face-to-face meetings between sellers and buyers. The market has multiple roles, in addition to the meeting between sellers and buyers, the market also has a function as a meeting place for various interests brought by every community who uses the market. The market is also a socio-cultural system, meaning that the market grows and develops in a society with a different structure and culture (Prastyawan & Isbandono, 2018).

Biography of Imam Al-Ghazali

Imam Al-Ghazali is known by the long name Hujjatul Islam Abu Hamid Muhammad bin Muhammad Al-Tusi Al-Ghazali. He was born in the city of Thus, a small city in Iran in the year 450 H (1058 AD). He died on 14 Jumadil Akhir 505 H or 19 December 1111 M. His father was a Sufi. Imam Al-Ghazali so loved science. He is very thirsty to continue to study and learn various disciplines. The scientific center and several cities that he visited include Thus, Jurjan, Naysabur, Baghdad, Syria, Palestine, and Alexandria (Egypt) (Faizal, 2015).

Al-Ghazali received his early education in Thus, under the tutelage of an educator and expert on Sufism named Shaykh Ahmad bin Muhammad Ar Radzakani, a close friend of his deceased father. After that, he went to Jurjan to study with Imam Abu Nasr Al Isma'ili and wrote the book *At Ta'liqat*. Then he returned to Thus. After that, he moved to Naisabur and studied kalam or theology at Imam Haramain Juwaini. Then he joined the Nizam al-Mulk group, a group that at that time was very attractive to young Islamic scholars. In the year 484 H or 1091 AD Al-Ghazali was assigned by Nizam al-Mulk to teach at the Nizhamiyah higher education institution which he founded in Baghdad. For four years Al-Ghazali taught at the institution, he received the title of a great teacher so his name skyrocketed. At that time, he was counted as one of the respected scientists, not only in the Nizhamiyah circles but also in the government circles in Baghdad (Thohir, 2016).

Even though he had become a teacher and great teacher he felt an emptiness in his soul. In him, he found anxiety so he decided to take Sufism as a way of peace in his life. Imam Al-Ghazali later became a great Muslim scholar and scholar and was able to influence the development of science in the future. Imam Al-Ghazali has transformed thought to Sufism. In many ways, it turns out that this transformation of thought also affects his economic thinking (Ayu et al., 2020).

Known as a scientist, Imam Al-Ghazali has a lot of works that he produced during his life. He is a prolific writer and is able to create various amazing works that have become a reference for academics. Even his work has been translated into various languages in the world. Imam Al-Ghazali has produced about 300 written works covering various disciplines, such as philosophy, morals, logic, interpretation, politics, Qur'anic sciences, Sufism, Jurisprudence, administration, and economic behavior. Among his most famous works is *Ihya' Ulum al-Din* (Try Astuti et al., 2022).

Imam Al-Ghazali's Islamic Economic Thought

Imam Al-Ghazali has discussed Islamic economics in many of his works. Islamic economics according to Imam Al-Ghazali's perspective is based on the Sufism approach. For example, it relates to the concept of social welfare. According to Imam Al-Ghazali, the concept of Islamic social welfare is a concept that aims for the common good, achieving pleasure and blessings in this world and also in the hereafter (Try Astuti et al., 2022). With one of the means, namely halal assets and Islamic economic activities that are constructive. The concept of social welfare includes all human activities. According to him, there are five basic goals in the concept of welfare, namely religion (*din*), soul (*nafs*), offspring (*nasl*), property (*mal*), and reason (*aql*) (Firmansyah, 2018).

Al-Ghazali defines the economic aspect of his social welfare function in a hierarchical framework of individual and social utility into three, namely *daruriyat*, *hajiyyat*, and *tahsiniyat*. The hierarchy is a classification of needs consisting of basic needs, needs for external goods, and needs for psychic goods (Widuri & Saripudin,

2022). The majority of al-Ghazali's discussion of various economic problems is contained in the book *Ihya' Ulum al-Din*. Some of the economic themes that can be raised from Al-Ghazali's thoughts include voluntary exchange and market evolution, production activities, barter, and money evolution, as well as the role of the state and public finances (Thohir, 2016).

Imam Al-Ghazali's Perspective Traditional Market

There are several views of Imam Al-Ghazali regarding traditional markets, including the following:

Demand, Supply, Price, and Profit

Although Al-Ghazali did not explain supply and demand in modern terms, some of his writings explicitly explained the shape of the demand and supply curves. He said, "prices can be lowered by reducing demand." Al-Ghazali has also put forward the concept of elasticity of demand, which is stated by, "reducing profit margins by selling at a lower price will increase sales volume, and this, in turn, will increase profits." (Surur, 2021).

Al-Ghazali also spoke about "the prevailing price is determined by market practices", a concept which was later known as *ats-tsaman al-adil* (fair price) among Muslim scientists or equilibrium price (balance price) among European scientists. contemporary. Al-Ghazali was very critical of excessive profits. He emphasized that the seller should not only be driven by material gain, but also by the profit that will be obtained in the hereafter (Suprihatin et al., 2018).

Market Behavior

According to Al-Ghazali's view, the market must function based on the ethics and morals of the actors. In particular, he warned against taking advantage by hoarding necessities providing misinformation about merchandise, engaging in counterfeiting and fraudulent practices, and prohibiting market control through secret agreements and price manipulation. Market participants should also reflect virtues such as being friendly when interacting with others (Syarifuddin & Saputra, 2020).

Ethics in traditional markets is manifested by traders in the form of providing services to buyers in a friendly manner, providing correct information regarding their merchandise, and also setting reasonable prices. This is also done to create satisfaction for buyers which will lead to loyalty from these buyers. In addition, this will also create a good image for traders, which can be spread by word of mouth so that it has the potential to bring in new buyers (Kotib, 2020).

Production of Basic Necessities as a Social Obligation

Al-Ghazali considers work is part of one's worship. In fact, he specifically views the production of basic necessities as a social obligation (*fard al-kifayah*). This means that if there is already a group of people working in the business world who produce these goods in sufficient quantities to meet the needs of the community, then the community's obligations have been fulfilled. However, if no one is involved in these activities or if the amount produced is not sufficient for the needs of the community, all of them will be held accountable in the hereafter. In this case, in principle, the state must be responsible for ensuring the people's needs for basic goods (Ayu et al., 2020).

Production Hierarchy

Broadly speaking, Al-Ghazali divides production activities into three groups: (1) basic activities, namely industries that maintain human survival; (2) Supporting activities, namely activities that are additional to basic activities; (3) Complementary activities, namely activities related to basic activities. These three groups must be actively promoted to ensure the harmony of the socio-economic environment (Ridwan & Syamsuri, 2019).

Barter Problems and the Need for Money

Al-Ghazali has views on the various problems of barter which in modern terms are as follows: (1) Lack of the same denominator (Lack of common denominator); (2) Goods cannot be divided (Indivisibility of goods); (3) There must be a double coincidence of wants. Barter exchange becomes inefficient due to differences in the characteristics of goods (Haniatunnisa, 2021). Al-Ghazali asserts that the evolution of money occurs only because of agreements and conventions, that is, there can be no society without the exchange of goods and no effective exchange without equivalence, and such equivalence can only be determined precisely if there is an equal measure (Musa & Nila, 2021).

Prohibition of Riba

Riba is a practice of abusing the dangerous function of money, as is hoarding of goods for individual interests (Soimah, 2021). There are two ways usury can appear in a hidden form. Riba can arise if there is an exchange with a different amount or with a different delivery time. If the delivery time is not immediate and there is a request to exceed the amount, this excess is called *riba al-nasiah*. If the amount given is not the same, the excess given in the exchange is called *riba al-fadl*. According to Ghazali, both forms of transactions are haram (Rosia, 2018).

Conclusion

Traditional markets are places where sellers and buyers meet and are marked by direct buyer-seller transactions and usually, there is a bargaining process, the building usually consists of stalls or outlets, booths, and open grounds opened by the seller or a market manager. The existence of a market causes direct or face-to-face meetings between sellers and buyers. The market has multiple roles, apart from the meeting between sellers and buyers, the market also has a function as a meeting place for various interests brought by every community who uses the market.

Imam Al-Ghazali has discussed Islamic economics in many of his works. Islamic economics according to Imam Al-Ghazali's perspective is based on the Sufism approach. For example, it relates to the concept of social welfare. According to Imam Al-Ghazali, the concept of Islamic social welfare is a concept that aims for the common good, achieving pleasure and blessings in this world and also in the hereafter. One of the means, namely halal assets and Islamic economic activities that are constructive. There are several views or thoughts of Imam Ghazali regarding traditional markets. Among them are the Demand, Supply, Price, and Profit; Market Conduct Ethics; Production of necessities as a social obligation; Production Hierarchy; Barter Problems and the Need for Money; and Prohibition of Riba in transactions.

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