

Islamic Economic Perspective in the Market Mechanism**Julita¹, Andri Soemitra²**¹Universitas Muhammadiyah Sumatera Utara
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The market mechanism will be reflected in the concept of Islamic Shari'ah principles in the form of values which can generally be divided into two perspectives: macro and micro. Shari'ah values in a micro perspective emphasizes the aspects of competence/professionalism and attitude of trust, while the macro perspective Shari'ah values emphasize aspects of the distribution, the prohibition of usury and economic activities that do not provide real benefits to the economy. Therefore, it can be seen clearly benefit the Islamic economic system in the market that addressed not only to the citizens of the Islamic community, but to all human being (rahmatan lil'Ālamín).

Keywords: Market Mechanism, Islamic Perspective.

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INTRODUCTION

Islam is a religion Perfect. This is because it is discussed in it comprehensive values, ethics, and guidelines for life. Islam is also a religion perfected previous religions and regulated all aspects of human life good problem aqidah nor muamalah. In Thing muamalah, Islam arrange relation to human relations with others in order to make ends meet his daily life including being guided on how to manage the market and all form mechanism.

The role of Islamic economics in mechanism market contribute a share which very important in the midst of chaotic economic conditions of the Indonesian nation. Practice the true market must display values that are in accordance with the norms and values that are justified. Two economic notions that have been the reference and barometer of the world, that is, the capitalist economy and the socialist economy apparently cannot regulate mechanisms activity market moment this which all no erratic and no clear, rather the more worsen circumstances (Wiharto, 2008)

According to economy capitalist (classic), market play role which very important in the economic system. Capitalist economy wants a free market for complete problem economy, start from production, consumption until distribution, the capitalist motto is *laissez faire et laissez le monde va de lui meme* (let it do and let it run, the world will take care of itself). I mean, let it be just that the economy runs normally without government intervention, there will be an invisible hand (*invisible hands*) that will bring the economy to equilibrium direction. If there is a lot of government intervention, then the market will suffer distortion which will bring economy on inefficiency (*inefficiency*) and imbalance (Agustianto, 2011).

METHOD

The form of this research is descriptive research. In descriptive research explaining phenomena exist in the form of forms, activities, characteristics, changes, relationships, similarities and differences between one phenomenon and another. Furthermore, the researcher wants to describe how the market marketing mechanism is in the concept of Islamic Shari'a principles, what should be avoided in economic activities and the benefits for the economy in the market.

RESULT AND DISCUSSION**Definition Market**

Market is the place meet him among seller and buyer and To do transaction of goods or services. The market is a mechanism for exchanging goods and services that are natural and have been going on since the beginning of human civilization. In Islam market is very important in the economy. The market has occurred at the time of the Prophet and the Rashidun Khulafaur and became *the sunatullah* that has been lived for centuries (P3EI, 2011).

Al-Ghazali in his book *Ihya'* explained about the reasons for the emergence of the market, "You cancourse farmers live on where farming tools are not available. On the other hand, blacksmiths and carpenters live where farmland does not exist. However, naturally they will each other Fulfill needs each. Could just occur craftsman wood need food, but farmers do not need these tools. This situation cause trouble. Therefore, naturally also people will be compelled to provide the place storage tools in one party, and storage results agriculture in party other. The place here it is which then in come buyer in accordance his

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needs each so that formed market".

This statement shows that the market is a place that holds results produce and sell it to those in need. That statement too states that the market arises from the *double coincidence* that is difficult to meet. So, for make it easy exists exchange in Fulfill needs created market.

Perspective Islam

The market that has been developing, especially in Indonesia, is only focused on maximizing efforts to seek maximum profit solely and tend to focused on one-sided interests. the system it seems less precise with Islamic economic system that emphasizes the concept of broader benefits in activities The economy includes market mechanisms and every economic activity refers to the concept of benefit and upholds the principles of justice. Besides that also, emphasize that culprit always uphold tall ethics and norm law in activity economy. Realization from draft sharia that have three characteristic which fundamental that is principle justice, avoid activity which prohibited and pay attention to the aspect of benefit. The three principles are creation oriented a balanced economic system, namely a balance between maximizing profits and fulfillment of sharia principles which are fundamental in market activities (Ali, 2008).

In terms of the market mechanism in the concept of Islam, sharia principles will be reflected in the form of general values divided into two perspectives viz macro and micro. Sharia values in a micro perspective emphasize aspects of competence/ professionalism and trustworthiness, while in the macro perspective sharia values emphasize aspect distribution, prohibition usury and activity economy which no provide real benefits to the economic system. Therefore, can it is clear that the benefits of the Islamic economic system in the market are not intendedonly to inhabitant Public Islam, but to whole people man (*rahman lil'Ālāmīn*) (Ali, 2008) . Thing the could seen on Table 1 follows.

Table 1. Benefit For Public Based on Mechanism Market in Islam

Avoiding	Which activity ForbiddenJustice	Benefits
Transparency and honesty	Prohibition of goods, services and products harmful and dangerous processes	Productive and not speculative
Transaction which is fair	Not using human resources or goods illegal and unfair	Avoid goods or inefficient use of human resources
Healthy competition		Widest possible access for the community to obtain goods, products or human resource
Win-win solution		

PRICE AND COMPETITIONS PERFECT ON MARKET ISLAMIC

There are several Muslim scholars providing explanations regarding the mechanism market (P3EI, 2011). First, according to Abu Yusuf, the wider community understands that The price of an item is determined only by the number of bids. In other words, if there are only a few items available, then the price will be expensive. Otherwise, if available more goods, then the price will go down. Regarding this matter Abu Yusuf in the book Al- Kharaj (1997) said, "There is no certain limit on what is cheap and what is expensive can be

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confirmed. This is regulated. The principle is unknown. Inexpensive no because abundance food, thereby also expensive no because scarcity of food. Inexpensive and expensive is provision God (*sunnatullah*)”.

Second, according to Ibn Taimiyah, the ideal market according to Ibn Taimiyyah is free market within the framework of Islamic values and morality, namely a free competitive market – competitive and no distorted- Among Request and offer. Ibn Taimiyyah prohibit government intervention in the market because it will disturb the market equilibrium, except if there is which distort it, like hoarding. Price determined by the forces of demand and supply. Rising and falling prices are not always the result by tyranny people certain. Thing the can caused by deficiency production or decrease in imports of goods demanded. When demand goes up and offer down, prices will go on. Temporary, if supply goods increase and Request against him decrease, price too down.

Final, according to Ibn Khaldun, in the book which monumental *Al- Muqoddimah* , he divides goods into two categories, namely staple goods and luxury goods. If a city is growing and the population is increasing, then the price of basic goods will decrease while the price of luxury goods will go on. This was due to the increased supply of food and staple goods other because of goods this is very important and needed by everyone person so that procurement will be prioritized. Meanwhile, the price of luxury goods will rise accordingly with increasing lifestyles resulting in increased demand for goods luxurious this.

STRENGTH MARKET IN ECONOMY ISLAM

Contribution from para bachelor Muslim earlier not yet capable balance with the current situation, because at that time it was still in the market mechanism simple and measure it from facet Request and offer goods or service. The demand and supply described by Muslim scholars at the time, such as which summarized in explanation as following (P3EI, 2011):

Request

Demand is one of the elements that drives the market, a term that used by Ibn Taimiyah to indicate a request this is a wish. Desire which appear on consumer indeed is something which complex, said to come from God. However, basically there are factors that are influence Request this, that is: price goods which concerned, income consumers, prices of other related goods, consumer tastes, expectations (expectations), *maslahah* (purpose in consuming goods). This demand is also illustrated by the curve which shows the relationship between price and quantity demanded. As for for curve Request this as following:

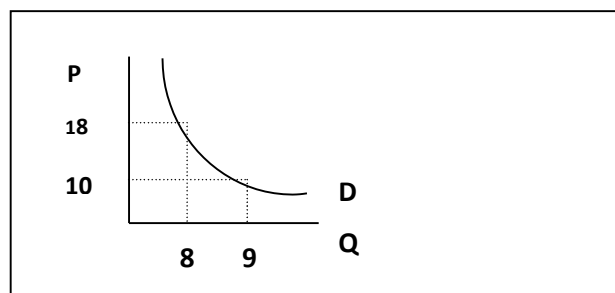


Figure1. Curves Request

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Offer

This definition according to Ibn Taimiyah is an important force in the market as availability of goods which there is in the market. According to him offer can from import and local production so that this activity is carried out by producers and sellers. In achievement *maslahah* offer alone needed faith which there is on self producer, if amount *maslahah* which contained in goods which produced it will increase production volume. In addition to that as a factor of the offer itself is reflected in the profits obtained and which are elements of the profits This is the price of goods and production costs. Price of goods it has an effect to the value of justice, because at a price which is unfair will lower the bid in the market which will have a negative impact on the market mechanism. Whereas for cost production that adjusts prices is a natural thing to happen when experiencing increase with the assessor of the existing situation and conditions. For an overview of the supply curve will in show in lower this:

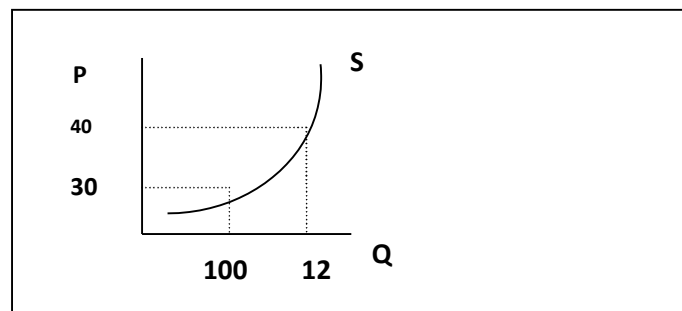


Figure 2. Curves Offer

Intervention And Regulations Market

According to Islam the state has the right to intervene in activities both in the form of supervision, regulation and implementation of activities economy which no capable held by society. In draft economy In Islam, the way to control prices is determined by the cause. If the cause is change on *genuine demand* and *genuine supplies*, so mechanism control conducted through *markets intervention* (price control). Whereas when the cause is the distortion of *genuine demand* and *genuine supply*, then the control mechanism conducted through disappearance distortion included pricing _ *intervention* for return price on circumstances before distortion.

According to Ibn Taimiyah, validity government in set policy Intervention can occur under the following circumstances: First, the producer does not want to sell their products except at a higher price than the general price market, even though consumers need the product. Second, there is a case of monopoly (hoarding). Third, there was a situation of Al-Hasr (boycott), where the distribution of goods only concentrated on one seller or certain parties. Pricing here for avoid sale goods the with price which set unilateral and arbitrarily by parties the seller. Fourth, coalitions occur inter collusion seller (cartel) in which a number of traders agree to conduct transactions between they, with price in on or in lower price normal. Final, producer offer their products at prices that are too high according to consumers, meanwhile consumers ask at the price which too low according to producer.

As for the purpose of market intervention carried out by the government according to Ibnu Qudamah al Maqdisi is as the following: Intervention price concerning importance community, for prevent try and bewildered *faa-hisy* (take profit on top profit normal and sell on top price market), and for protect importance society which more wide

As for price regulation (part of Government intervention) has 3 functions, namely the economic function (associated with increased productivity and increased income Public

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poor through allocation and resource relocation power economy), function social (narrow gap Among Public rich and Public poor), and function moral (effort enforce values Islamic in activity economy).

DISTORTION MARKET**Hoarding Goods (Interest)**

Trader prohibited To do *endeavor* , that is To do hoarding goods with the aim of speculation, so that he gains a large profit on top of the profit normal or him selling only a few goods to get that price more tall, so that get profit in on profit normal. In knowledge in economic terms this is called *monopoly's rent seeking*. This ihtikar prohibition exists in the Word of the Prophet SAW (Al-Mubarakafuri) , *From Ma'mar bin Abdullah bin Fadhlah, he said, I heard Rasulullah SAW say, "Do not do ihtikar except person which guilty (sin)". (HRTarmizi)*

According to Muhammad Ali Ash-Shabuni, the definition of *Khathi'* is a person who wrong, rebellious and polytheist. *Khathi'* is the one who made a mistake intentionally which is different from people who make mistakes unintentionally. He explained the meaning of *Khathi'* when interpreting surah Al-Qashash (28) verse 8. Meaning, *And picked him up by the Pharaoh's family which as a result he became an enemy of and grief for them. Truly Pharaoh and Haman and their army are people which wrong.*

There are differences among scholars regarding prohibited items to be the object of *ihtikar*. However, there seems to be a common perception of not may be ihtikar for basic needs. Imam Nawawi firmly said *ihtikar* for basic needs is unlawful. An-Nawawi's opinion is very rational, because basic needs concern the livelihood of many people. But must it should be noted that there have been many shifts in needs. It used to be a product not so much needed and not disturbing social life, but now the product may be a major need, for example oil, medicine, etc. Because it's us don't get stuck in classification items that cannot be hoarded and goods which can, but need formulated that every hoarding which aim for speculative interests so that the impact disrupts the market and socio-economic, then he is prohibited.

An activity is included in the *ihtikar category* if the following three elements are present in these activities to strive for scarcity of good goods with how to hoard *stock* or put on *an entry barrier*, selling at a higher price high compared to price before emergence of scarcity, as well as taking that advantage higher than the profit before components 1 and 2 conducted.

If the producer behaves as a monopolist (*ihtikar*), then he will choose the production level when $MC = MR$ with the amount of Q equal to Q_m and P equal to P_m . Thus, it produces less, and sells at a higher price tall. The profit enjoyed is as big as the $P_m \times YZ$ box. This is what is forbidden because these producers can produce at a level where $S=D$ or when $MC = AR$. At this level, the number of items produced was much greater, that is, as large as Q_i dan the price is also cheaper, namely the size of the P_i . Of course the profit generated is more small, that is, as big as box $ABCD$. The profit difference between the $P_m \times YZ$ box and the box $A B C D$ here it is which is *monopoly's rent* which prohibited.

Market monopoly is structure market which very contrary with mechanism market healthy and perfect. Monopoly is form market where right control over trade is only held or owned by one person. Practice business this prevent exists trading free and hinder man for get a fair and appropriate price, then obviously this is very contradictory Islamic teachings, which teach independence and justice in in trading. Islam want a fair and *fair*

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price. That's why taking this method which will only cause goodness at a momentary price is opposed and rejected in Islam. Characteristic features monopoly according to Sadono Sukurno, in in the book "Introduction Theory Microeconomics", that traits market monopoly is as following:

Market monopoly is industry one company. Goods or service which it cannot be purchased from anywhere else. Buyers have no choice other, if they want stuff the so they must buy from company/seller the. Terms sale fully determined by monopoly that, and para buyer no could do something whatever in in specify conditions sell buy.

Not have goods replacement which similar. Goods which generated monopolist cannot be replaced by other goods in the market. This item is the only type of item and there are no similar items which can replace the item. The flow of electricity is an example of an object that no have a replacement similar. Which there is just goods replacement ones very different in nature, namely the oil lamp. Oil lamps can not replace electricity, because he can not used to turn on television and etc.

Not there is company possibilities other for enter to in industry monopoly. Properties this is because main which raises a company have power monopoly. Without nature this company monopoly no will come true, because on finally will there is a number of company in in one industry. There are several forms of control rights over monopoly markets owned by a company. Something is legal juridical, namely limited by law, some are technological in nature, namely the technology used is very sophisticated and some are not easy to emulate. And there is also a financial nature, namely the capital required very big.

In power determine price. Because company monopoly is one- only one seller in in market, so determination price could mastered through controlling the rate of production and the number of goods offered, so could determine price on the level which he wanted.

Advertising promotion is less necessary. Because the monopolist is the only the only company in the industry, it does not need to carry out direct sales promotionsadvertisment. The absence of rivals causes all buyers who need the same goods it produced forced buy from company the. Even if companycreating advertisements is not aimed at attracting buyers, but to maintain relationships good with Public or make live image consumptive.

Besides that, still in context *notice*, Islam forbid someone hoard property Islam threatening them which hoard it by torture which very painful later at day apocalypse Threat the said shown in nash Al Quran letter at-Turn verses 34-35 as follows: *Meaning: And those who store gold andsilver and did not spend it in the way of God, then tell them (that they will get) a painful punishment. On the day the gold and silver were heated in hell, then their foreheads, stomachs and backs are burned with it them (then it was said) to them: "This is your wealth that you keep for yourself, then feel now (as a result of) what you kept that". (QS. At-Taubah: 34-35).*

Hoard treasure it means is freeze it, hold it, and keep it out of circulation. Hoarding of treasures poses a great danger to economy and to moral. Hoarding treasure influence economy because if the treasure is not stored and not withheld, of course he will take part in it productive enterprises, for example in designing production plans. With Thus, many new job opportunities will be created and can be completed problem unemployment or at least reduce unemployment. New opportunities in various jobs cause a chain economy which very important. Opportunities this also add income, which ultimately leads to increased purchasing power in society. Thingthis push up increasing production, good with make plans newor by expanding existing plans to cover needs Request which the more

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increase caused by increase income. This increase in production naturally demands new workers to acquire new opinions and increase people's purchasing power, a thing that includes causes increasing production. And so on, the thing that creates the situation growth and development economy in Public.

In his book "*Business Ethics in Islam*", Dr. Mustaq Ahmad, more provide comments about the dangers of good practices in the form of money cash nor form goods, really contrary with teachings Islam. In Islamic terminology, the accumulation of assets such as gold, silver, and others is called *iktinaz*, while the hoarding of items such as food and daily necessities is called with *intention*. Hoarding of goods and prevention of circulation in life society is highly reproached by the Qur'an, as Allah SWT says inside letter At-Tauba paragraph 34-35 as which has alluded to before.

Islam also forbid practice hoarding food tree, which intentional made to sell if the price has inflated. During his caliphate, "Umar son Khattab Secrete a warning hard to all practice hoarding goods which Becomes needs Public. He no allow a even from clan muslim for buy goods much with intention for he hoard.

According to al-Maududi, the prohibition against hoarding food, besides for give service on goals certain, he also aim for eliminating "black market" crimes that usually go hand in hand with the hoard. Rasulullah SAW wanted to build a market free. Thus fair and reasonable prices can emerge and develop as a result of open competition. Azar, a Friend Messenger of Allah SAW who is very critical in exposing this hoarding of property, believes that hoarding treasure it is unclean, though has paid the zakat.

Determination Determination Price

Tas'ir (price fixing) is one of the practices that is not permissible by Islamic law. Neither the government nor those with economic authority have right and authority for determine price stay for a commodity, except government has provide on traders amount which enough to sell by using the specified price, or seeing and getting tyranny- tyranny in a market that results in damage to the existing market mechanism healthy. *Tabi'at* (fixed) we can see from how the attitude of Rasulullah SAW towards this problem. When Rasulullah SAW was visited by a friend to ask determination price which permanent. Messenger of Allah SAW state his refusal. He said: "*The price fluctuation (up and down) is God's doing, actually me want to meet Him, and I do not do injustice to someone who can demanded from me*" (Narrated by Abu David)

From here clear that no justified exists intervention or control human in pricing it, so it will inhibit the natural law known as supply and demand. Similar to *tas'ir* (pricing) and just as condemnable is the business practice known as protectionism. This is a form of trade in which country collect *tax* (tax) good directly or indirectly to consumers in general. In other words, it is a process whereby the state forces the people to pay a fair price very high on local production by protecting the perpetrators business so that spared from competitive international.

Protectionism is not justified because it will give an advantage to one parties and will harm and exploit other parties, which in this case is society general. More than that, protection is also the main cause of inflation and will leading to the emergence of business crimes in the form of black market smuggling (*black market*) , forgery and taking profit which excessive. Ibn Qayyim say, that protection is form action injustice, which worst/worst. He stated that protection is very dangerous for both sides parties, both the protector and the person being protected, on the grounds that this is action enhancement right independence trade which God SWT give.

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Riba

Wrong one teachings Islam which important for enforce justice and eliminating exploitation in business transactions is to prohibit *Riba*. Al-Qur'an strongly criticizes the *Riba eater* and calls him the inhabitant of hell eternally in it (QS. 2: 275). *Riba* is a fraudulent transaction, even almost all scholars interpret the word of God "consuming wealth with vanity" that with *riba* in the word of Allah Al-Baqarah: 188. "*And let not some of you eat part treasure which other in Among you with Street which vanity and (don't) you bring (affairs) treasure that to judge, so you could consuming a portion of the other person's property by sinning, even though you knowing*". (QS. Al-Baqarah: 18).

Riba etymologically means increase. In syar'i terminology, *Riba* is, addition without 'iwadh. Technically, the meaning refers to the premium must be paid by the borrower to the lender along with the principal loan required from the start. The addition of the principal is required because there is nasi'ah (suspension).

Tadlis

Tadlis is a Transaction that contain something that is not known by one party *unknown to one party*. Every transaction in Islam must be based on principle willingness Among second split party (You're welcome ridha). They must have the same information (*complete information*) so that no one party feel cheated/cheated because there is something *unknown to one party* (circumstances where one party does not know information that the other party knows, this is *asymmetric information*. *Unknown to one party* In Language his fiqh is called *tadlis* (fraud), and can occurs in 4 (four) cases, i.e. in Quantity, Quality, Price and Time Submission.

Sell Buy Gharar

Sell buy gharar is something sell buy which contain obscurity or no sure. Sell buy *gharar* and *tadlis* You're welcome prohibited, because both of them contain *incomplete information*. However, it is different from *the tadlis*, where *it is incomplete the information* is only experienced by one party (*unknown to one party*), for example only buyers or only sellers, in *gharar* incomplete information is experienced by two party, good buyer nor seller. So in *gharar* occur uncertainty (obscurity) involving two parties. For example buying and selling ijon, buying and selling calves which still in content parent, sell fish which there is in in pool, etc.

as *tadlis*, sell buy *gharar* also occur on four Thing, that is: quality, quantity, price and time.

Action catapult Price

Islam really does not tolerate all actions that will inflate the prices of price with unjust A number of practice business which will can raises soared these prices is as following:

Max prohibition (collection of customs /extortion). Customs duty is very burdensome and only will raises soared by no means fair, so Islam does not agree with this method. Rasulullah SAW in this case said, "*No enter heaven those who take customs*", because the burden of customs is very high burdensome and just will raises soared price by no means fair, so Islam no agree with method this. Caliph 'Umar son 'Abdul Aziz, has abolish duty excise. He interpret that *max* similar with *bakhs* (reduction of rights someone's) which the Qur'an vehemently opposes. (QS. hudd: 85).

Prohibition of *najsy*. *Najsy* is a trade practice where someone pretends bidding for traded goods with the sole intention of raising the price, in order people another ready buy by price that, Ibnu 'Umar ra. said: "Messenger of God SAW strictly forbids the practice of buying and selling *najsy*". In the hadith narrated by Tirmidhi, the Prophet SAW

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said: " *Do not make offerings item without meaning for buy*". (HR. Tirmidhi). Transaction *dirty* banned in trade because Si seller told people another praise the item or bid by price which more height, order people another interested anyway for buy it. The Bidder himself does not intend to actually buy the goods the said. It is only want to cheat people another which truly want to buy which previously this person had made an agreement with the seller. The consequences occur request fake (*false demand*). Level request which happened no produced regularly naturally Explanation graphics *bai najasy* is shown on picture the following.

Ban *ba'i ba'dh 'ala ba'dh* . This business practice means by To do spike or drop price by somebody where both sides those involved in bargaining are still *dealing* , or are just about to finish pricing. Rasulullah SAW in a hadith prohibit such practices this is because it will only lead to unwanted price increases. Messenger of Allah SAW said: "*Let not some of you sell or sell some of the others* " (HR. Tirmidhi)

Prohibition *tallaqi al-rukban* . Practice this is a deed somebody where he intercepted people bringing goods from the village and buying goods that before arrive in market. Messenger of Allah SAW forbid practice sort of this with destination to prevent price increases. Rasulullah ordered the supply of goods goods should be brought directly to the market to the suppliers of goods and para consumer can take benefit from exists that price in accordance and experience.

Ban *ba'al present lil bad* . Trading practices like this are very potential to inflate prices and is strictly prohibited by Rasulullah SAW. This practice is similar with *tallaqi al-rukban* , namely where someone becomes a liaison or broker from people who come from the Saraha Desert or villages with consumers who live in the city . The broker then sells the goods brought in by those the villager to the city person where he lives and takes advantage of that so large, and the profit earned from the rising prices he took for himself, Rasulullah SAW as narrated by Ibn Abbas ra said: "*Do not meet the caliphs on the road (to buy goods) goods they with intention let they no know price which apply inmarket), a population city no allowed sell goods owned by desert dweller. It was said to Ibn Abbas: "what is meant by selling goods a occupants paddock sand by a population city?" He replied: "Not to be broker they". (HR. Muslims)*

BALANCE MARKET

Balance or equilibrium describes a situation in which all the forces that exist in the market, demand and supply, are in a state of balanced so that every variable that is formed in the market, price and quantity, already no longer changed. The process of equilibrium in the market starts from anywhere, either in terms of demand or supply. However, in terms of changes will occur on one side just, side offer or Request. For process achievement balance market will explained through chart.

The graph shows that at the price level P1, goods that are demanded will be QD1 while the quantity of goods supplied to the market will be QS1. It can be seen in the picture, that the number of goods supplied exceeds the number goods demanded resulting in excess supply. In a situation like this, then the price tends to be depressed down so that the price decreases. When prices fall, then this on the one hand will encourage increased consumer demand, but on the other hand this decrease in price will cause the quantity of goods supplied to the market decrease.

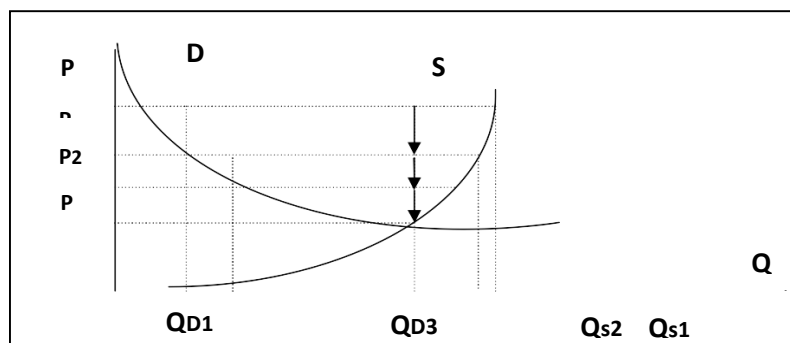


Figure 3. Graphics Process Reach Balance Market

When the price reaches a price level of P_2 the quantity demanded is as big Q_{D2} while the large number of goods supplied is Q_{D2} . Here, it can be seen that there is still an oversupply, but the amount is already lower than previous state. As a result from price will pressed to lower, however thus the downward pressure power of prices is getting weaker. Back here manufacturers will reduce amount supply goods to market temporary consumer will increase the quantity of goods demanded. This process will continue until Finally, the quantity of goods demanded is exactly equal to the quantity of goods supplied ($Q_D = Q_s$) so that the strength between supply and demand is in position balance. This equilibrium position is achieved at a price level of P_4 . On position this is power which there is in market which push price go on (Request) same with forces that suppress prices down (supply/supply). In such a situation there is no longer any movement of price changes because of the existing forces in the market already balanced (P3EI, 2011).

CONCLUSION

Islamic economics views that markets, countries, and individuals are in balance (*iqtishad*), there can be no *subordinates*, so that one of them becomes dominant from which other. Market guaranteed his freedom in Islam. Market free determine ways production and price, no can there is disturbance which resulted the damage balance market.

But because it is difficult to find a market that runs itself fairly (*fair*) and market distortions often occur, so it can to the detriment of the parties, then Islam allows market intervention by the state to restore order market return normal.

The market is allowed to run alone (*laissez faire*), without anyone controlling, it turns out has cause mastery market unilateral by owner capital (*capitalist*) ruler infrastructure and owner information. *Asymmetric* information also Becomes problems that the market cannot solve. State in Islam has role which same with with market, his job is arrange and supervise economy, ensuring competition in the market takes place perfectly, information that equity and economic justice. Its role as a regulator does not necessarily make it dominant, because country, once in a while no can disturb market which walk balanced, role just needed when it happened distortion in system market.

The concept of market mechanism in Islam can be referred to the hadith of the Prophet SAW. With thereby, Islam far get ahead West in formulate draft mechanism market. Draft mechanism market in later Islam developed scientifically by scholars throughout history, starting from Abu Yusuf, Al-Ghazali, Ibn Taymiyah, Ibn Khaldun, etc. para These scholars have discussed the concept of mechanism comprehensive market. They have discussed the forces of *supply and demand*. Studythey also been until on facts which

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influence market.

In Islamic economics prices are determined by *supply* and demand forces. If market distortion occurs, the government may intervene in the market. However, Islamic economics against exists intervention government with regulation which excessive moment strength market freely working to determine price competitive.

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