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The Concept of Law and Market Mechanism According to Ibn Khaldun and Imam Al-Ghazali

[1]**Muhammad Abdul Aziz***, [2]**Muhammad Reyhan,** [3]**Muhammad Isa**
[1]Universitas Darussalam Gontor Indonesia, [2]Universitas Muhammadiyah Surakarta Indonesia, [3]Karabuk University Turkiye
[1] mabdulaziz@unida.gontor.ac.id, [2]o200240022@student.ums.ac.id, [3]2228227502@ogrenci.karabuk.edu.tr

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Abstract:
Market mechanisms refer to the process through which prices are formed and production decisions are guided by the interaction of supply and demand. In Islamic economics, however, such mechanisms are not viewed as value-neutral; they are expected to operate within a balanced relationship among the market, the state, and individuals (iqtisad) so that no single element becomes dominant in ways that generate injustice. In practice, markets are frequently affected by distortions—such as hoarding (ihtikar), monopoly power, information manipulation, and irregularities in trade governance—which may undermine the principle of mutual consent (taradin) and produce mafsadah (harm) for the parties involved. This article examines the concept of law and market mechanisms in the thought of Ibn Khaldun and Imam al-Ghazali and assesses its relevance for strengthening contemporary Islamic economic law. Employing a qualitative library-based method with descriptive-analytical and comparative approaches, the study engages primary sources, notably al-Muqaddimah and Ihya' 'Ulum al-Din, alongside modern literature on Islamic economics. The findings show that Ibn Khaldun highlights the structural foundations of markets through production, specialization, and the division of labor, and explains price formation as a rational outcome of supply–demand dynamics; at the same time, he stresses the need for proportionate public policy to maintain market stability and prevent fiscal burdens that weaken productive incentives. By contrast, al-Ghazali frames ethics and the objectives of the Sharia as prerequisites for market order, emphasizing justice, profit moderation, and the social obligation (fard kifayah) to secure the provision of basic necessities. Theoretically, these findings suggest that a Sharia-oriented market design responsive to modern challenges requires integrating economic efficiency with a public-welfare orientation (maslahah) and the protection of property (hifz al-mal) as a normative basis for regulation

Kata Kunci:
Mekanisme pasar; hukum ekonomi syariah; Ibn Khaldun; Imam al-Ghazali;; maslahah.

Abstrak:
Mekanisme pasar merujuk pada proses pembentukan harga dan pengambilan keputusan produksi melalui interaksi permintaan dan penawaran. Dalam ekonomi Islam, mekanisme tersebut tidak dipahami sebagai proses yang bebas nilai, melainkan harus beroperasi dalam kerangka keseimbangan antara pasar, negara, dan individu (iqtisad) agar tidak terjadi dominasi yang melahirkan ketidakadilan. Dalam praktiknya, pasar kerap mengalami distorsi—antara lain penimbunan (ihtikar), monopoli, manipulasi informasi, dan penyimpangan tata niaga—yang berpotensi meniadakan prinsip taradin (kerelaan) dan menimbulkan mafsadah bagi para pihak. Artikel ini menganalisis konsep hukum dan mekanisme pasar menurut Ibn Khaldun dan Imam al-Ghazali serta relevansinya bagi penguatan hukum ekonomi syariah kontemporer. Penelitian

ini menggunakan metode kualitatif berbasis studi pustaka dengan pendekatan deskriptif-analitis dan komparatif terhadap sumber primer al-Muqaddimah dan Ihya' 'Ulum al-Din, disertai telaah literatur ekonomi Islam modern. Hasil kajian menunjukkan bahwa Ibn Khaldun menekankan fondasi struktural pasar melalui produksi, spesialisasi, dan pembagian kerja, serta menjelaskan pembentukan harga sebagai konsekuensi rasional dari dinamika permintaan-penawaran; pada saat yang sama, ia menggarisbawahi urgensi kebijakan publik yang proporsional untuk menjaga stabilitas pasar dan mencegah beban fiskal yang melemahkan insentif produksi. Sementara itu, al-Ghazali menempatkan etika dan tujuan syariah sebagai prasyarat keteraturan pasar, khususnya melalui prinsip keadilan, moderasi keuntungan, dan kewajiban sosial (fard kifayah) dalam pemenuhan kebutuhan dasar. Secara teoretis, temuan ini menegaskan bahwa desain pasar syariah yang responsif terhadap tantangan modern mensyaratkan integrasi efisiensi ekonomi dengan orientasi kemaslahatan (maslahah) dan perlindungan terhadap harta (hifz al-mal) sebagai basis normatif regulasi.

Introduction

The relationship among the state, individuals, and society remains a foundational concern in economic analysis because it shapes policy design, market behavior, and the distributional consequences of growth. In classical capitalist economics, the market is commonly positioned as the central institution capable of coordinating production, consumption, and distribution through price signals, with the expectation that decentralized exchange can lead to an equilibrium allocation of resources (Smith, 1976). This view is historically associated with the laissez-faire orientation and the metaphor of the “invisible hand,” which presumes that minimal state intervention allows market coordination to operate efficiently (Skousen, 2001).

Conceptually, the market mechanism refers to the processes by which prices are formed and resources are allocated through the interaction of supply and demand (Marshall, 1890; Mankiw, 2021). In conventional economics, market efficiency is frequently tied to welfare outcomes that are measured predominantly through material indicators such as income, output, and consumption (Mankiw, 2021). However, an exclusively material definition of welfare risks overlooking non-material dimensions of human well-being such as justice, ethical integrity, and social balancethat can be decisive for societal stability and the legitimacy of economic arrangements (Sen, 1999). Moreover, empirical market performance does not invariably produce fairness. Distortions such as monopoly power, collusion, information asymmetry, and strategic manipulation may shift markets away from competitive outcomes and impose disproportionate burdens on weaker parties (Stiglitz, 2000).

In contrast to value-neutral assumptions, Islamic economics conceptualizes the market as embedded in a normative-legal framework derived from the Qur'an and the Sunnah. Within this framework, the relationship between the market, the state, and individuals should remain balanced (iqtisad), such that no single element dominates in a way that generates injustice (Chapra, 2000). Market exchange is generally permitted, including price formation through ordinary supply–demand dynamics, but it is constrained by ethical and legal requirements in mu'amalat (commercial transactions), including the principle of mutual consent (taradin) and the prohibition of wrongful appropriation and harm (Al-Qur'an, 4:29; Al-Zuhayli, 1985). From this standpoint, the market mechanism is not merely an allocative device; it is also a governance domain through which justice is protected and public welfare (maslahah) is pursued.

Historically, Islam developed within a commercial environment in which trade and exchange were central social practices. This context encouraged Muslim scholars to examine market behavior, price formation, merchant conduct, and the role of public authority in maintaining orderly exchange (Karim, 2004). Within this intellectual tradition, Ibn Khaldun and Imam al-Ghazali offer influential yet complementary approaches. Ibn Khaldun, through al-Muqaddimah, emphasizes the structural foundations of market functioning—production, specialization, and the division of labor—and links price formation to the rational interaction of supply and demand within broader socio-political conditions (Ibn Khaldun, 1967). Al-Ghazali, in Ihya' 'Ulum al-Din, foregrounds ethical constraints on exchange, including justice, moderation in profit-taking, and social responsibility (often framed through fard kifayah, a collective obligation) in ensuring the availability of basic necessities (Al-Ghazali, n.d.; Ormsby, 2008).

On this basis, the present article examines the concept of law and market mechanism according to Ibn Khaldun and Imam al-Ghazali and discusses their relevance for contemporary Islamic economic law, particularly in addressing modern forms of market distortion and in articulating Sharia-oriented market governance that integrates economic functionality with justice and public welfare.

Methodology

The methodology employed in this article is a qualitative library-based study using a normative–conceptual (doctrinal) approach within the field of Islamic economic law. Primary data are drawn from authoritative classical texts, namely Ibn Khaldun's al-Muqaddimah and Abu Hamid al-Ghazali's Ihya' 'Ulum al-Din, to trace their legal-ethical constructions of market mechanisms, the role of the state, transactional ethics, and the pursuit of public welfare. Secondary data consist of modern Islamic economics scholarship, peer-reviewed journal articles, and relevant methodological works that strengthen the legal framework and situate both thinkers within contemporary debates on market governance. Data collection is conducted through systematic documentation and thematic literature searching using key terms such as market mechanism, Islamic economic law, taradin, ihtikar, maslahah, and state regulation.

Data analysis combines descriptive–analytical and comparative methods. First, the study undertakes a textual and contextual reading of Ibn Khaldun's and al-Ghazali's arguments to identify core propositions concerning production, pricing, distribution, and the ethical limits of market conduct. Second, a structured comparison maps convergences and divergences between (i) Ibn Khaldun's more structural–empirical emphasis on production dynamics and supply–demand interaction, and (ii) al-Ghazali's normative–ethical emphasis on justice, profit moderation, and collective social obligation. Third, these findings are assessed for contemporary relevance through an applied normative lens by linking them to current problems in Islamic economic law, such as market distortion, monopoly practices, and information asymmetry, and by aligning the discussion with principles of muamalat and the objectives of Sharia (maqasid al-shari'ah) to derive conceptual implications for modern Sharia-compliant market regulation.

Results and Discussion

A. Biographical Background of Ibn Khaldun

Ibn Khaldun (1332–1406 CE) is widely recognized as a major Muslim historian and social thinker whose writings shaped later debates on society, governance, and economic life. His full name is 'Abd al-Rahman ibn Muhammad ibn Muhammad ibn Muhammad ibn al-Hasan ibn Jabir ibn Muhammad ibn Ibrahim ibn Khalid ibn 'Uthman ibn Hani ibn al-Khattab ibn Kurayb ibn Ma'dikarib ibn al-Harith ibn Wa'il ibn Hujr (Ibn Khaldun, 1967). Biographical narratives commonly link his family background to southern Arabia (Hadhramaut) and describe early migrations to the Hijaz during the formative period of Islam, while some accounts associate his ancestry with Wa'il ibn Hujr, a figure referenced in early Islamic historiography and hadith transmission contexts (Azami, 1977; Fromherz, 2010).

From the eighth century onward, members of the family are reported to have participated in the Muslim presence in al-Andalus. An ancestor, Khalid ibn 'Uthman, is often described as arriving in Iberia with early Muslim forces and settling in Carmona, before the family later moved to Seville. Over time, the lineage became known as Banu Khaldun, a family that combined scholarly activity with political service in Andalusian settings (Fromherz, 2010). As internal fragmentation intensified and external pressure increased in al-Andalus, biographical sources suggest that the family relocated to North Africa, reflecting broader patterns of elite migration during periods of political instability (Fromherz, 2010; Enan, 2007).

In North Africa, the family continued to hold status within administrative and scholarly circles, particularly after moving to Tunis. Ibn Khaldun's grandfather is commonly portrayed as serving in a senior court role within the Hafsid polity, while his father is described as preferring scholarship over direct political engagement amid volatile conditions (Enan, 2007; Fromherz, 2010). Ibn Khaldun was born in Tunis in early Ramadan 732 AH (often converted to 27 May 1332 CE) and received a rigorous education that included Qur'anic memorization, qira'at, Arabic linguistic sciences, hadith, and fiqh in a Maliki scholarly environment, alongside advanced study in logic and philosophy typical of higher learning in the region (Ibn Khaldun, 1967; Rosenthal, 1967).

A pivotal event in his youth was the outbreak of plague in the mid-fourteenth century, during which his father died (frequently dated to 1349 CE) when Ibn Khaldun was still a teenager (Fromherz, 2010). Despite these disruptions, he advanced into public service and scholarship, eventually composing al-Muqaddimah, which became foundational for his analyses of social organization, political authority, and economic life (Ibn Khaldun, 1967). He died in Cairo on 26 Ramadan 808 AH (commonly converted to 16 March 1406 CE) (Fromherz, 2010; Ibn Khaldun, 1967).

B. Ibn Khaldun's Concept of Market Mechanisms

In al-Muqaddimah, Ibn Khaldun presents a coherent framework for understanding economic order by linking the functioning of markets to the foundations of production, value, money, prices, and distribution. Rather than treating markets as merely technical arenas of exchange, he situates them within broader social and political conditions that shape incentives, fiscal capacity, and the stability of economic life (Ibn Khaldun, 1967). His analysis therefore provides both a descriptive account of market functioning and a normative-policy logic concerning how governance can preserve productivity and prevent economic decline (Fromherz, 2010).

A central premise in Ibn Khaldun's economics is that the wealth of a polity is determined primarily by its productive capacity rather than by the nominal quantity of money in circulation. He argues that expanding money supply without corresponding growth in real production does not create genuine prosperity; instead, the productive sector is the first mover of development because it absorbs labor, raises incomes, and generates derived demand for other factors of production (Ibn Khaldun, 1967). In this respect, Ibn Khaldun anticipates a structural view of development in which economic expansion is anchored in real activity and the organization of work, rather than in monetary expansion as an isolated policy tool (Chapra, 2000).

Ibn Khaldun defines production as human activity organized through social cooperation and institutional arrangements. He emphasizes, first, the natural disposition of human beings toward productive effort: unlike other creatures, humans must work to secure their livelihood, and the surplus from production is ultimately attributable to human labor. Natural conditions such as rainfall and fertile land are enabling factors, but they do not substitute for human agency; labor remains essential even in sectors that rely heavily on natural resources, such as agriculture, animal husbandry, and mining (Ibn Khaldun, 1967). Second, Ibn Khaldun stresses that production is inherently collective. Individual labor is insufficient to secure the volume and diversity of goods required for sustainable living; therefore, cooperation, specialization, and the division of labor become necessary conditions for higher productivity, surplus creation, and trade (Ibn Khaldun, 1967). This argument parallels the classical insight that specialization increases output and enables exchange, while remaining embedded in Ibn Khaldun's broader sociology of civilization and state formation (Rosenthal, 1967).

Ibn Khaldun's account of value is closely linked to his emphasis on labor and production. He maintains that the value of goods corresponds to the labor embodied in them, and that wealth is generated through productive activity rather than through mere accumulation of precious metals. He criticizes the belief that prosperity is secured simply by holding more gold and silver, arguing instead that advanced civilization generates larger surpluses because it mobilizes more labor and organizes production more effectively (Ibn Khaldun, 1967). Contemporary Islamic economics scholarship often reads this as an early articulation of labor-centered value reasoning within a wider institutional analysis of development (Karim, 2004).

In discussing money, Ibn Khaldun highlights the need for a stable and widely accepted standard of value for exchange. He treats gold and silver as the most reliable monetary standards because they are broadly recognized, relatively stable, and not easily manipulated by subjective preferences. He also underlines the responsibility of public authority to oversee coinage, prevent debasement and fraud, and maintain public trust in the monetary system, suggesting that monetary integrity is not only an economic requirement but also a governance obligation (Ibn Khaldun, 1967). This concern resonates with the broader Islamic legal emphasis on preventing harm and deception in market transactions and on protecting the reliability of exchange instruments (Chapra, 2000).

With respect to price formation, Ibn Khaldun explains that prices generally emerge from supply–demand dynamics. When a city's food supply exceeds local needs, prices tend to fall, while scarcity—whether due to climate shocks or other disruptions—drives prices upward. He notes that commodities fluctuate with market conditions, whereas gold and silver function as monetary standards and therefore occupy a distinct status in the economic system (Ibn Khaldun, 1967). Overall, his discussion integrates production conditions, demand pressures, and institutional stability as interacting determinants of price movements (Rosenthal, 1967).

Ibn Khaldun links distribution to incentives and fiscal governance. He conceptualizes the price of goods as comprising three primary components: wages (income for producers and workers), profits (returns for merchants and traders), and taxes (public revenue to finance governance). Each component is shaped by market conditions and institutional design, and each affects incentives to produce, trade, and invest (Ibn Khaldun, 1967). Importantly, he warns that excessive taxation undermines motivation, reduces output, and eventually diminishes state revenue—an argument that connects distributional structure to the sustainability of public finance and the resilience of markets (Ibn Khaldun, 1967; Fromherz, 2010).

Modern interpretations within Islamic economics emphasize that Ibn Khaldun's framework can be read as a dynamic account of how population, incentives, and public expenditure interact with production and exchange. For example, Karim (2004) highlights Ibn Khaldun's view that supply depends not only on the number of producers but also on their willingness to work, while demand depends on buyers' purchasing power and the broader prosperity of society. This implies that stable markets require balanced incentives: sufficiently attractive profits to motivate trade and production, yet not so high as to suppress demand and restrict circulation. When profits are excessively low, merchants lose motivation; when profits are excessively high, consumers' purchasing capacity is strained and demand weakens, reducing market activity (Karim, 2004).

Ibn Khaldun further distinguishes between essential goods and luxury goods, arguing that as cities expand and populations grow, the supply of essentials often increases beyond basic needs, which tends to reduce prices. In contrast, demand for luxury goods rises with prosperity and changing lifestyles, which can increase prices in those sectors (Ibn Khaldun, 1967). This differentiation supports his broader argument for moderation and balance in market functioning: sustainable commerce depends on avoiding extremes in profit-taking and on maintaining conditions that enable both producers and consumers to participate fairly in exchange (Chapra, 2000; Ibn Khaldun, 1967).

C. Biographical Background of Imam al-Ghazali

Imam Abu Hamid Muhammad ibn Muhammad ibn Muhammad al-Ghazali (450–505 AH / 1058–1111 CE) is widely regarded as one of the most influential scholars in Sunni Islam, whose intellectual legacy shaped Islamic jurisprudence, theology, ethics, and Sufism (Watt, 1963; Griffel, 2009). He is commonly associated with Shafi'i jurisprudence and Ash'ari theology, and later Muslim scholarship frequently honors him with the epithet Hujjat al-Islam (proof of the faith) as well as Zayn al-Din (ornament of religion), reflecting both his scholarly authority and his normative influence in religious life (Al-Subki, 1999; Ormsby, 2008). The nisbah "al-Ghazali" is generally linked to his origins in the Khurasan region (present-day Iran), and biographical sources place his birth in 450 AH/1058 CE, within the broader political context of Seljuq consolidation in Baghdad and surrounding regions (Watt, 1963; Griffel, 2009).

Classical biographical accounts describe al-Ghazali's father as a devout wool-spinner who maintained close relationships with scholars and regularly attended circles of learning. Near the end of his life, he entrusted al-Ghazali and his younger brother Ahmad to the care of a Sufi mentor and left a modest sum to support their education. When the funds were exhausted, the guardian reportedly recommended that the two brothers continue their studies through a madrasa system, thereby ensuring institutional support for both their learning and livelihood (Al-Subki, 1999; Ibn al-Jawzi, 1992). An often-cited narrative from his early years recounts that during travel he was robbed and lost his study notes; the episode is frequently interpreted as a formative moment that strengthened his commitment to internalizing knowledge through memorization and disciplined study, rather than relying solely on written materials (Al-Subki, 1999; Watt, 1963).

Al-Ghazali's scholarly formation progressed through advanced study in fiqh and related disciplines, including his training under Ahmad ibn Muhammad al-Razikani and, most importantly, his later study at the Nizamiyah of Naisabur under Imam al-Haramayn al-Juwayni. Under al-Juwayni's supervision, al-Ghazali developed mastery in kalam, mantiq, fiqh and usul al-fiqh, tasawuf, philosophy, and dialectical argumentation, which subsequently became hallmarks of his intellectual style (Griffel, 2009; Ormsby, 2008; Watt, 1963). After al-Juwayni's death, al-Ghazali participated in scholarly gatherings convened by Nizam al-Mulk, the Seljuq vizier, where his debating skill and wide learning enhanced his reputation among jurists and scholars. This recognition eventually led to his appointment at the prestigious Nizamiyah in Baghdad in 484 AH/1090 CE, where his teaching drew large audiences and his legal opinions and writings expanded his public authority (Griffel, 2009; Watt, 1963).

While in Baghdad, al-Ghazali produced influential works across jurisprudence and theology and became known for critical engagements with esoteric and sectarian movements such as the Batiniyyah and Isma'iliyyah, as well as for his sustained critique of certain philosophical claims. These writings contributed to his prominence in both scholarly and political-religious circles in the Abbasid-Seljuq milieu (Al-Ghazali, n.d.; Griffel, 2009). Yet at the height of his institutional career, al-Ghazali underwent a profound spiritual and epistemic crisis—an experience he later narrated as involving doubt about epistemic certainty and concern about sincerity in public life. In response, he withdrew from Baghdad, adopted an ascetic mode of living (zuhd), and devoted himself to worship and retreat (khalwah and i'tikaf), spending extended time in Damascus and later traveling to Baitul Maqdis before proceeding to the Hijaz for pilgrimage and visitation (Al-Ghazali, n.d.; Ormsby, 2008; Watt, 1963).

After this period of withdrawal, al-Ghazali returned to teaching within the Nizamiyah tradition in Naisabur around 499 AH/1106 CE and continued scholarly activity until his death on 14 Jumada al-Akhirah 505 AH/1111 CE (Griffel, 2009; Ormsby, 2008). His biographical trajectory—moving from juridical authority and institutional leadership to spiritual retreat and ethical-theological synthesis—provides an essential context for understanding his normative views on economic conduct, market ethics, and the pursuit of public welfare (maslahah) within Islamic thought (Ormsby, 2008).

D. Imam al-Ghazali's Concept of Market Mechanisms

Imam al-Ghazali frames economic activity as inseparable from moral and religious accountability, grounding market conduct in Qur'anic and Prophetic norms and, ultimately, in the principle of tawhid (the oneness of God) as the foundation of ethical responsibility (Al-Ghazali, n.d.; Ormsby, 2008). In Ihya' 'Ulum al-Din, he discusses trade and market life in a manner that recognizes price movements as responsive to the interaction of supply and demand, while simultaneously insisting that market order is not merely technical but also normative. For al-Ghazali, the market belongs to a "natural order" of social life, yet this order remains meaningful only when economic behavior is disciplined by justice, honesty, and moderation (Al-Ghazali, n.d.; Griffel, 2009).

Although al-Ghazali does not present supply and demand using modern formal terminology, his illustrations convey a clear behavioral logic consistent with basic market relationships. He notes, for example, that when sellers are unable to find buyers at a given price, they may reduce the price to facilitate sales, implying a supplyside responsiveness to market conditions (Al-Ghazali, n.d.). Conversely, he suggests that prices can be lowered by reducing demand, which reflects an understanding that demand pressures are central to price formation (Al-Ghazali, n.d.). Modern scholarship often interprets these observations as evidence of al-Ghazali's early appreciation of market responsiveness, including a practical awareness of demand elasticity, even if expressed in non-mathematical terms (Karim, 2004; Ormsby, 2008).

Al-Ghazali further advances a normative view of profitability and commercial incentives. He treats profit (ribh) as a legitimate form of compensation for the burdens and risks inherent in trade—such as travel hardship, commercial uncertainty, and personal safety—thereby acknowledging that markets require incentives for merchants to supply goods and sustain circulation (Al-Ghazali, n.d.; Ormsby, 2008). At the same time, he criticizes excessive profit-seeking as an exclusive motivation for commerce and rejects the idea that the pursuit of maximal gain is inherently virtuous. Instead, he emphasizes that trade should be oriented toward benefits that extend beyond worldly accumulation, aligning economic conduct with the pursuit of ethical integrity and ultimate accountability (Al-Ghazali, n.d.; Griffel, 2009). This position is consistent with broader Islamic legal-ethical teachings that prohibit harm, deception, and exploitative advantage in exchange and that require fair dealing and mutual consent in transactions (Al-Zuhayli, 1985).

In addition to his ethics of exchange, al-Ghazali offers a distinct perspective on production within Islamic economic life. He regards productive activity as part of religious responsibility, arguing that producing essential goods constitutes a collective obligation (fard kifayah). In practical terms, if sufficient individuals engage in producing necessities to meet societal needs, the obligation is fulfilled; if not, society collectively bears moral responsibility for failing to secure the basics required for communal life (Al-Ghazali, n.d.; Ormsby, 2008). Al-Ghazali therefore links economic efficiency to religious duty: economic activity should be conducted effectively because it contributes to fulfilling a believer's obligations and to protecting the public welfare (maslahah) (Chapra, 2000). Read in contemporary terms, his framework implies that market governance must ensure not only the legality of transactions but also the availability of essential goods and the prevention of harmful scarcity and exploitation.

Conclusion

This article has examined the concept of law and market mechanisms in the thought of Ibn Khaldun and Imam al-Ghazali, with particular attention to how each frames the relationship between market functioning, public authority, and ethical-legal constraints. Drawing on al-Muqaddimah, Ibn Khaldun offers an integrated account of economic order grounded in production capacity and labor as the core driver of prosperity. For Ibn Khaldun, a society's wealth is not secured by expanding the nominal money supply, but by strengthening real production and sustaining a healthy balance of economic exchange. His framework further implies a labor-based understanding of value, a monetary conception that privileges gold and silver as stable standards, and a price theory that recognizes supply–demand interaction as the primary determinant of commodity prices. Importantly, Ibn Khaldun's analysis also highlights the regulatory and fiscal dimension of market governance: wages, commercial profit, and taxation shape incentives, and disproportionate fiscal burdens can undermine productive motivation, contract market activity, and ultimately weaken public revenue. In this sense, Ibn Khaldun's contribution is not merely descriptive; it provides a policy-relevant logic for safeguarding market stability through proportionate public intervention.

In Ihya' 'Ulum al-Din, al-Ghazali similarly acknowledges the role of supply and demand in price movement, but he places the moral and legal objectives of Sharia at the center of market order. For al-Ghazali, trade is a legitimate means of livelihood, yet it must be governed by justice, moderation, and accountability before God. Profit-seeking is permissible, but excessive profit-taking that harms consumers contradicts the ethical purpose of exchange and undermines the public good. Al-Ghazali's emphasis on mutual consent in transactions and his critique of exploitative market conduct situate market mechanisms within a normative framework oriented toward preventing harm and realizing maslahah. His view of production further strengthens this orientation: the provision of basic necessities is treated as a collective obligation (fard kifayah), which implies a social responsibility to ensure adequate supply and prevent market failure in essential goods.

Taken together, the findings confirm the central thesis of this study: the market mechanism in Islamic economic law cannot be reduced to technical price formation alone, but must be understood as a governed process that integrates economic functionality with normative commitments to justice, balance (iqtisad), and public welfare. Ibn Khaldun contributes a structural and institutional analysis of production, incentives, and fiscal governance, while al-Ghazali supplies an ethical-legal architecture that disciplines market behavior toward moderation and maslahah. For contemporary Islamic economic law, these insights support a regulatory agenda that targets modern market distortions such as hoarding (ihtikar), monopoly power, and information asymmetry through proportionate state oversight, ethical compliance standards, and institutional mechanisms that protect weaker parties. Future research may extend this comparative framework by operationalizing these classical principles into measurable indicators of Sharia-compliant market governance and by testing their applicability across contemporary financial and commodity markets. actors.

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