

Monopoly In Islamic Perspective And Its Application In Life

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Abstract:

Monopoly in muamalat means al-Ihtikar, in etymology is the act of hoarding, collecting (goods) or a place to hoard. Ulama has different perspective of hoarding objects. Shafi'i and al-Gazali mahzab argued that hoarding was only found in the primary material according to the Hanafi Mahzab found by and other opinions ihtikar is generally applicable, namely hoarding all goods human needs, both primary and secondary, which become 'illat for this school are the affluence that afflicts many people, encompassing all the products that people need as a whole. In the principles of Islamic law, whatever is permissible by Allah to have it, then halal is used as an object of trade. Likewise all forms which are forbidden to have it are forbidden to be traded. But in Islam in principle the item is lawful, but because the attitudes and actions of the perpetrators are contrary to the shari'ah, the goods from the critical side turn into haram. In this paper, a qualitative method is used. To avoid monopoly in the society, it is needed the role of government to avoid monopoly practices.

Keywords: Islamic Law, Monopoly

Introduction

Humans are given the freedom to meet their needs in maintaining their lives. Freedom is a basic human element in organizing itself to meet their needs, as long as they do not clash with the interests of others. If humans break the needs of others, there will be a conflict. Islam gives opportunities for Muslims to carry out their economic activities. And Islam emphasizes honesty, which by having honesty it does not occur cheating, deception, extortion, coercion, and all actions that can harm others. Along with the development of the era increasingly, humans lives are faced with a difficult situation, where appears scarcity scarcit an limited source of funds. On the other hand human desire and need to seek personal satisfaction more complex. With this situation the weak people are only able to maintain their lives in order to survive. It is very hard for them to increase their income and standard of living. While on the other hand those who have a strong economic role with extreme behavior patterns that do not follow the divine values, are not satisfied to add and accumulate wealth for their personal interests.

This happens because the economic orientation that has been deviated where the economy which is understood as the answer to meet survival turns out to be interpreted as a seeking profit-seeking (profit motive) and the accumulation of assets as much as possible. In this situation honesty and justice are needed so that the property accumulators do not arbitrarily follow the passions that can justify any means for the sake of gaining world profits.

Based on the explanation above, this writing discussed on the issue of monopoly (ikhtikar) in an Islamic perspective.

Literature Review

Monopoly is the control of the sale of a goods or services by a single seller who does not fear the entry of other firms into his market. Monopoly is the concentration of economic power by one or more business actors resulting in the mastery of production or marketing of certain goods or services, giving rise to business is not healthy and can harm the public interest. Here are the example of monopoly. It can be distinctively defined by some types, since there are many of them. But there are also some examples that could be taken:

1. Monopoly in the production process of a product, whether it's by group or individually. With the purpose of controlling the pricing, competitive production, and supply.
2. Monopoly in the certain trades or services. When a group monopolizing the whole process and prevent others from providing the same services. Meanwhile the society is in high need of the service.

Monopoly in Islamic perspective means withholding or hoarding goods or services on purpose, especially in times of scarcity, with the goal of raising the price at a later date in order to obtain higher profits. In general terminology, ikhtikar is to deliberately hold or goods, especially where there is scarcity in the market, with the aim to increase price (Fatah, 2012).

In Islamic economics, hoarding activities that have an objective to inventory and not the get greater profit is permitted (Al-Arif and Amalia, 2010,). In doing so, there are differences between ikhtikar and hoarding, because in Islam hoarding goods is not wrong if we done for inventory purposes and not to disturb the market mechanism (Al-Arif and Amalia, 2010). There are some different types of monopoly, they are as follows:

1. Absolute monopoly:
It is a type of monopoly, where a single seller controls the entire supply of market without facing competition. It is also known as pure monopoly. His product does not have even any remote substitute also.
2. Imperfect monopoly:
It is a type of monopoly in which a single seller controls the entire supply of the market which does not have a close substitute. But there might be remote substitute for the product available in the market.
3. Simple or single monopoly:
It is a type of monopoly in which a single seller controls the entire market, by selling the commodity at a single price for all the consumer. There is no price discrimination in the market.
4. Legal monopoly:
When a firms enjoys rights like trade mark, copy right, patent right, etc. then it is known as legal monopoly. Such monopoly rights are approved by the government.
5. Natural monopoly:
When a firms enjoys monopoly right due to natural factors like location reputation earned etc, it is called as natural monopoly. Natural talent, skill of the producer also makes him to enjoy this right.
6. Technological monopoly:
When a firm enjoys monopoly power due to technical superiority over other products in the market, then it is called as technological monopoly. For example products produced by L & T, Godrej etc. are technological monopoly.

Research Method

The research method used was qualitative. Then, this research is also library research. It is a research in which the way of collecting data taken from a variety of literatures. Literatures meant here are not only the books, but also materials taken from journal, magazines, newspapers, internet, etc. By analyzing tafseer Al-Qur'an from surah an-Nisa: 29 and at-Taubah: 34 to get understanding from these tafseer.

Result and Discussion

The principle of Islamic perspective, whatever is permitted by Allah we can do it, then halal is used as an object of trade. And all forms that are forbidden to have it are forbidden to be traded. In Islam, in principle, the goods are halal, but because the attitudes and actions of the actors are contrary to the shari'ah, the goods from the critical side turn into haram. Although it is not found in the Qur'an specifically about al-Ihtikar (monopoly). Monopoly practices is a type of violation will result in mu'āmalah because market mechanisms disturbed. There are some verses describing monopolies such as Surah An-Nisa: 29 and Surah At-Taubah: 34

Surah An-Nisa:29

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا أَمْوَالَكُم بَيْنَكُم بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ تَرَاضٍ مِّنْكُمْ وَلَا تَقْتُلُوا
أَنْفُسَكُمْ إِنَّ اللَّهَ كَانَ بِكُمْ رَحِيمًا - ٢٩

“O you who have believed, do not consume one another's wealth unjustly but only [in lawful] business by mutual consent. And do not kill yourselves [or one another]. Indeed, Allah is to you ever Merciful”.

This verse explains the transaction law in general. It describes more specifically to trade transactions, buying and selling business. It is explained transaction muamalah related to property, such as orphans, dowry, and etc. In this verse Allah forbids believers to eat, use, use, (and all other forms of transactions) other people's property by vanity, which is not justified by the Shari'ah. We may do transacting the assets of others by trading with principles mutual pleasure, mutual sincerity. And in this verse Allah also forbids suicide, both killing themselves and killing each other. And Allah explains all of this, as a manifestation of His love, because God is all compassion to us.

Surah At-Taubah 34 explains about hoarding including one of the terms of monopoly.

﴿ يَا أَيُّهَا الَّذِينَ آمَنُوا إِنَّ كَثِيرًا مِّنَ الْأَحْبَارِ وَالرُّهْبَانِ لَيَأْكُلُونَ أَمْوَالَ النَّاسِ بِالْبَاطِلِ وَيَصُدُّونَ عَن
سَبِيلِ اللَّهِ وَالَّذِينَ يَكْنِزُونَ الذَّهَبَ وَالْفِضَّةَ وَلَا يُنْفِقُونَهَا فِي سَبِيلِ اللَّهِ فَبَشِّرْهُمْ بِعَذَابٍ أَلِيمٍ - ٣٤ ﴾

“O you who have believed, indeed many of the scholars and the monks devour the wealth of people unjustly and avert [them] from the way of Allah . And those who hoard gold and silver and spend it not in the way of Allah - give them tidings of a painful punishment”.

This verse explains that the believers shouldn't consume property in a vanity, that is with various kinds of businesses that are not appropriate with the shari'ah such as usury,

gambling and various methods which are full of deception contained in the zhalim elements. In this case hoarding treatment for the purpose of getting multiple profits and rare goods are obtained so it is forced to buy it even at a high price and save gold and silver and not spend it in the way of Allah, because this act of jews. In addition to the Qur'an, it is also found in hadiths about monopoly.

لَا يَحْتَكِرُ إِلَّا خَاطِيٌّ

“You can't hoard goods, otherwise you are a sinner”(HR. Muslim no. 1605).

This hadist means that if hoarding goods and services does not complicate others, there is no problem for example we buy crops at low prices. We save it and then we sell it again in the next few months when prices are attractive, so there is no problem like this because buying and selling is reasonable. So, the prohibition of monopolizing or the so-called ihtikar. The intention is to buy goods with the aim of influencing market movements. Thus he buys goods in large quantities, resulting in thinning or rare stock of goods on the market. As a result, people are forced to fight over these items by increasing offers or forced to buy at that price because they need it.

عَنْ أَبِي هُرَيْرَةَ رَضِيَ اللَّهُ عَنْهُ قَالَ: قَالَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ: لَا تَلْقُوا الْجَلْبَ فَمَنْ تَلَقَى فَاشْتَرَى مِنْهُ فَإِذَا آتَى مَسِيدَهُ السُّوقَ فَهُوَ بِاخْتِيَارٍ.

"From Abu Hurairah, he said that Rasulullah SAW he says "Do not interrupt your goods that are brought (from outside the city), whoever is intercepted and then bought from him (something), so if those who have the goods come to the market, they have the right to khiyar." (H.R. Muslim)

This hadist says that Khafilah in this hadiths is not only group of people but also a person. The above hadith explains that those who come from other regions or countries intentionally bring their merchandise to be traded in an area at a price that can be reached by the public, but the middlemen or brokers take the opportunity of the goods being bought and sold at high prices the situation is very detrimental caravans or sellers in markets and residents.

Monopoly or stockpiling is the act of buying goods in large quantities and then storing them with the aim of reselling them at a high price to the population when they really need them when rare items are found. By doing this activity hoarders get doubled profits. Usually the pile is a basic need, so the buyer is forced to buy it even at a high price. There is also another hadith explains explicitly about the hoarding narrated by Ibn Umar and Ibn Umar, that the Messenger of Allah. said: Meaning: "Those who bring goods will be given sustenance and those who hoard will be cursed".

The purpose of the hadith above that hoarding has come out of the control of Allah Almighty. They feel free to do whatever he wants as done by people who do not believe in Allah and His Messenger.

There are several implications of monopoly on the welfare of a society, such as: first, loss or reduction in consumer welfare, because the production volume is smaller than the optimum production volume. This makes the company less efficient than in a competitive

market. The implication of this will be a reduction in consumer welfare. Second, there will be exploitation of the consumer and the owners of production factors. Consumers are harmed because the selling price is above the equilibrium price, and the owners of production factors are harmed because the factor production price is below the market price. Third, worsening national macroeconomics conditions, the actual output of the industry is smaller than the optimal condition. The implication of this condition will create unemployment and will have negative impact on the economy. Fourth, inefficiencies in the industry will make it increasingly difficult for the domestic industry to compete with foreign industries (Sukirno, 2002).

The ulamas devise certain criteria for the form of ihtikâr (hoarding) which is forbidden (Sayid Sabiq, 1983). The criteria are as follows:

1. The goods that are stockpiled must go through a previous purchase process from the community. But if the merchandise is solely from agricultural products itself (as what the Prophet Yusuf did) is not included in the prohibited ihtikâr;
2. The goods are in the form of staple food
3. Hoarding of merchandise must make it difficult for the community. Among those that indicate this is if in a city there is muhtakir (monopolizing the mastery of merchandise).

To avoid ihtikâr or monopoly in the society, one of the methods that must be taken is to prevent monopolistic practices in the management of merchandise. So the people don't do what ever they want. To realize this, the role of the government is huge in considering. The government has power (authority). By having this authority, the govermen has the right to regulate and prevent the practice of ihtikar and monopoly

Conclusion

In a monopoly, a business actor (stockpiling of goods) would sell goods or services at a high price, when someone else is in dire need is an act of sin. In Islamic economics view, prohibitions exist where producer manipulates supply, either by hoarding goods or services by creating scarcity issues, to get higher profit through higher pricing. In doing that, in Islam monopoly is allowed, but the monopoly's rent is prohibited. However, if hoarding goods for the benefit of the population in the context of preparing for a famine season may not be considered a sin. Islam teaches to help is not detrimental to each other for one's own sake.

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