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Siyasah Al-Ighraq: A Case Study on Convection Market, Aur Kuning Bukittinggi

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Abstract

This research is motivated by the widespreed practice of siyasah al-ighraq (dumping) by traders in the Aur Kuning convection market in Bukittinggi in West Sumatera Provinve. Meanwile, siyasah al-ighraq(dumping) is haram in Islam. Therefore the author wants to examine how the siyasah al-ighraq (dumping) is carried out by traders in the Aur Kuning convection market in Bukittinggi, and how it impacts to market prices balance from an Islamic perspective. The method used in this study is descriptive qualitative with data collection techniques by conducting interviews with traders in the Aur Kuning convection market, Bukittinggi. The result showed that siyasah al-ighraq (dumping) practice by traders at the Aur Kuning convection market was only at certain times, such as during the month of ramadhan, after Eid al-fitr and the celebration of independence day. Siyasah al-ighraq are done just to use up old stocks that piled up. Then also dumping are carried out for new store promotion and as a marketing strategy. It dumping is called sporadic dumping, it is fine in Islam, because it doesn't damage market price balance and doesn't harm other traders. Dumping practice that haram in Islam are dumping that kill other people's businesses and damage market price balance.

Keywords : *siyasah al-ighraq, dumping, convection market*

1. INTRODUCTION

One of the many economic activities carried out by humans to fulfill their needs is trading. Trading in term of fiqih is called al-bai', al-bai' means selling, replacing, and exchanging something for something else. The word al-bai' literally means selling and at the same time also means buying. Meanwhile, according to the term al-bai' is exchanging goods for goods, or goods for money by releasing property rights from one to another on the basis of mutual consent (Ahmad Sarwat, 2018)

Islam emphasizes that human activities in trading are not solely for profit, but must implement morals as the foundation.(Jafri Khalil, 2010) because the Islamic economy in conducting its business is based on the values of faith and morals, morals and ethics in every economic activity, both in positions are producers, consumers and distributors.

In Islam trading must be carried out properly and in accordance with the principles of Islamic economic, Islam prohibits taking excessive profits, dishonest trading, harming others, and must apply fairness and honesty in every economic activity so that no party is harmed.(Viethzal rivai & Andi Buchari, 2009)

However, in practice many people carry out economic activities that are not in accordance with Islamic rules and Shari'a, in order to gain profit for themselves. One of them is by dumping practice (siyasah al-ighraq) on the market. Dumping in Islam called siyasah al-ighraq, siyasah al-ighraq which means selling products in the market below their marginal cost. Dumping is prohibited in Islam because it can cause harm. Siayasah al-ighraq (dumping) is prohibited because it harms other people, and is a fraudulent competence because it can kill a competitor's business,

but if dumping is done temporarily because you only want to spend old and unsold product to overcomes losses, then it is permissible.(Nita Anggraeni, 2015) dumping activities are prohibited because there is a monopoly on sales, and dominates the market, then commits arbitrariness in determining prices, thereby killing other competitors in the market.(Solikhin, 2005) this practice often occurs in various markets in Indonesia, one of which is the Aur Kuning convection market in Bukittinggi, West Sumatera Province.

The Aur Kuning convection market is the largest convection wholesales market in Sumatera. Where from the observasions made in this market it is often found that traders carry out a dumping (siyasah al-ighraq), because traders are often found selling goods at prices below the market average price. Therefore this study tries to analyze how the siyasah al-ighraq (dumpipng) is carried out by convection traders in Aur Kuning Bukittinggi market, and how it impacts other traders and market prices balance, whether this is contrary to Islamic rules or not.

2. LITERATURE REVIEW

Trading in Arabic known as al-bai' which means selling, replacing, and exchanging something. In terminology, trading is an activity of exchanging goods for goods, or goods for money by relinquishing property rights from one person to another on the basis of mutual consent. In Islam trading is permitted but must be in accordance with Islamic law, as the Word of Allah SWT in Surah An-Nisa, verse 29:

يَٰٓأَيُّهَا ٱلَّذِينَ ءَامَنُواْ لَا تَأۡكُلُوٓاْ أَمۡوَٰلَكُم بَيۡنَكُم بِٱلۡبَٰطِلِ إِلَّآ أَن تَكُونَ تِجَٰرَةً
عَن تَرَاضٖ مِّنكُمۡۚ وَلَا تَقۡتُلُوٓاْ أَنفُسَكُمۡۚ إِنَّ ٱللَّهَ كَانَ بِكُمۡ رَحِيمٗا ٢٩

"*O you who believe, do not eat each other's wealth in a vanity way, except by way of trade that applies with mutual consent between you, and do not kill yourselves, verily Allah is Most Merciful to you."*

In trading there is a binding contract, which in principle the contract is valid for sure if it fulfills the pillars and conditions set by the Sharia. The pillars of buying and selling are: 1) aqidain, namely two parties making transaction (seller and buyer) with the condition that they are mature and reasonable and enter into a contract of their own free will, 2) sigat (ijab and kabul) are statements of acceptance and approval, 3) ma'qud'alaih, namely something that is made into a contract consisting of price and goods or object being traded. Meanwhile, goods that are traded must also meet the following conditions: a) goods traded are halal, b) goods provide benefits, c) are not dependent on others things, d) can be handed over, and e) these goods must be clear and their whereabouts can be known.(Suhendi, 2016: 32)

In muamalah activities including trading there are principles that must be met in carrying out the trading, namely: (Ahmad Azhar Basyir, 2000)

1) It is not permissible to take other people's property in vanity, it is forbidden to seek wealth by means of forbidden (haram)
2) The principle of consensual or does not contain elements of coercion that can eliminating the right to vote for someone in muamalah
3) Does not contain exlpoitation and mutual harm
4) Does not contain elements of usury in muamalah
5) Does not commit fraud.

In trading or exchanging the value of a product in the market, money is usually used. If someone wants to buay an item, he must give some money to the seller. The amount of money

usually shows the value of a product if someone wants to buy it, this is called the price. So that the price can be interpreted as the exchange rate set by the seller and buyer to obtain a product.

Interm of Islamic jurisprudence, there are two different term regarding price, namely as-saman and as-si'r. as-saman is he becnhmark for the price of an item, while as-si'r is sthe actual price in the market. Fiqih experts divide as-si'r into two types: first, price that aplly naturally, without government intervention. In this case, the merchant is free to sell goods at a fair price, taking into account the profil. The government in the prevalling price naturally, should not interfere, because government interference in this matters can limit freedom and harm the rights of traders od producers. Second, the price of a commodity is determined by the government after considering capital and reasonable profits for traders and considering the real ecocnomic situation and people's prurcashing power. Price fixing by the government is called at-tas'ir al-jabbari. (Setiawan Budi Utomo, 2001)

Ibnu Qudaimah, Ibnu Taimiyah, and Ibnu Qoyim devided the forms of price fixing by the government into two categories, namely: unjust pricing and fair pricing. Unjust pricing is price fixing by the government that is inappropriate and illogical eith market mechanism conditions without regard to the benefit of traders. Meanwhile, according to them, the price fixing that is permissible and even mandatory is when there is a sharp, significant, and massive price increase caused by the actions of speculators and traders, the government needs to fix the price. However, the price fixing must also be done within fair limits, taking into account production costs, distribution costs, capital, margins and profit for producers or traders.(Setiawan Budi Utomo, 2001)

Islam places great empashis on justice, it is very rational to use this idea, let alone dealing with the market, especially with prices. Because of that Rasulullah SAW stated that it is usury when someone sells too expensive above the customer's trust.(Anwar; 1997) Rasulullah SAW really appreciates the price formed by the market as a fair price. Therefore, Islam emphasizes morality, such as healthy competition, honesty, openness and justice. Implementation of these moral values in the market is the responsibility of every market participant, for a Muslim these values are a reflection of his faith in Allah SWT.

In general, a fair price is a price that does not cause exploitation or oppression (tyranny) so that it harms one party and benefits the other party. The price must reflect the benefits for the buyer and the seller fairly, that is, the seller gets a normal profit and the buyer gets a benefit equal to the price paid.(Center for Islamic Economic Studies & Development, 2008)

In the concept of equal or fair prices, Ibn Taimiyah explains that price are formed by market forces that operate freely, namely the meeting between the forces of demand and supply, in defining equal price, Ibn Taimiyah states that equivalent prices are standard prices that apply when people sell merchandise and is generally accepted as an equivalent of those goods. According to Imam Al-Ghazali's view of the concept of demand and supply in pricing issues, he stated that reducing profits by reducing prices will lead to increased demand and sales. Meanwhile, according to Imam Yahya bin Umar's view of the concept of price fixing, he stated that the existence of price is very important in a transaction and neglecting them can cause damage to society, and prices are determined by market forces, namely suplly and demand forces and price mechanism. Must comply with the rules.(Adiwarman A. Karim, 2004)

A fair price in the perspective of Islamic economic is a price that dose not cause losses to market participants, both from the seller's ang buyer's side, a fair price is one that can cover all the operational costs of producers with a certain profit level, and does not harm buyers. The price cannot be sald to be fair if the price is too low, so that the seller or producer cannot cover the costs incurred, otherwise the price cannot be too high, because it will have an impact on the purchasing power of buyers and concumers. Basically, the determination of the price of a commodity is based on the principle of freedom, the price formed is the result of the meeting principle between demand and supply, and the price set must be based on the principle of justice for all parties and

no party is allowed to be disadvantage. So a fair price is a price that can cover too high or in accordance with the purchasing power of buyers and consumers.(Said Sa'ad Marthon, 2004)

Dumping in Islam is called siyasah al-ighraq is a trading activity that aims to make a profit by selling goods at a price level lower than the price prevailing in the market. Siyasah al-ighraq was banned because it means that his trading competition would go bankrupt, thus he would be free to set prices in the market. Siyasah al-ighraq or lowering prices can lead to unhealthy competition and can disrup price stability in the market.

Siyasah al-igraq (dumping) is grouped into three types, namely:

a. Persistenst dumping or international price discrimination is a continuous tendency of a company to maximize profits by selling goods at loe prices
b. Predatory dumping, where the practice of selling below a price much cheaper than the original price, price discrimination is so sharp that it kills other competing products in a short time
c. Sporadic dumping is a commodity underprice or the sale of this commodity abroad at a slightly lower price than domestic product, but only when one wants to make up for the accasional surplus.

Dalam Islam konsep ekonomi dan perdagangan harus dilandasi dengan nilai-nilai dan etika yang bersumber dari nilai-nilai agama dan atau sesuai dengan syariat Islam, menjunjung tinggi kejujuran dan keadilan, termasuk dalam penetapan harga di pasar. Siapa yang menjual barang di pasar yang kualitasnya sama seperti barang penjual lainnya, maka ia dilarang untuk menjual dengan harga yang lebih rendah dari harga pasar, apabila hal itu terjadi maka akan merusak harga pasar dan membuat resah para pelaku pasar dan hal tersebut harus dihindari. (Ali Yafi, 2003)

In the book al-Muwatta, Imam Malik said:"whoever lowers the market price, he should be expelled." This condition occurs when the sellers themselves and in general do not multiply profits. Reducing the market price for its own sake then he is forced to keep adjusting to the market price or being kicked out of the market. Islam provides freedom in carrying out economic activities, including in the market, Islam submits to market law playing its role naturally, in accordance with the prevailing demand and suplly. Therfore, when price soared during the time of Rasulullah SAW, the friends sadi:"O Messenger of Allah, set a price for us." Rasulullah SAW replied:

عَنْ آنَسِى بْنِ مَلِكٍ قَال: قَال النَّاسُ: يَا رَسُول اللهِ غَالا السِّعْرُ لنَا، فَقَال رَسُوْل اللهِ صَلى اللَّهِ عَلَيْهِ وَسلَّمَ: إِنَّ اللَّهَ هُوَالْمُسَعِّرُ الْقَابِضُ الْبَاسِطُ الرَّازِقُ وَإِنِّي نأَرْجُو أَنْ أَلْقى اللَّهِ وَلَيْسَ أَحَدُ مِنْكُمْ يُطَا لِبُنِي بِمَظْلَمَةٍ فِي دَمٍ وَلَا مَالٍ.(رواه ابو داود)

"Verily Allah determines the price, who revokes what stretches, and who gives sustenance. I really hope to meet Allah in a situation where none of you sues me for tyranny in matters of blood and wealth." (narrated by Abu Dawud).

Through this hadith, Rasulullah SAW emphasized that intervention that interferes with one's personal freedom without an emergency condition is tyranny. However, if unnatural things have appeared in the market, such as commodity monopoly by some traders to play with prices, then the government as a formal institution that has the responsibility of creating public welfare, has the right to intervene in price when an activity that endangers the wider community occurs. Yahya Ibnu Umar stated that the government should not intervene except in two cases:

a) The traders do not trade certain merchandise that is really needed by the community, which can cause harm and stability in market prices.
b) Traders practice siyasah al-ighraq (dumping) which can lead to unfair competition and can disrup market stability.

During the time of Caliph Umar Bin Khatab, he also ordered tradres to sell their wares at market prices. This was practiced. When he found one of the sellers who sold his wares not equal to the price of people in the market, where at a price below the market price, this could affect the market price and deviate form normal conditions, then Umar immediately ordered to sell at reasonable price.

3. RESEARCH METHOD

The method used in this research is descriptive qualitative method, by trying to describe a phenomenon or event systematically according to what it is, qualitative descriptive research is conducted to obtain information about the actual situation. The data used are primary data and secondary data, primary data is data obtained directly the main source obtained through interviews conducted with traders in the market, while secondary data is obtained from books or existing theories such as relevant books and journals with research. The research was conducted at the Convection market at the Aur Kuning, Bukittingggi, West Sumatera Province. After the data isobtained, it is then analyzed using qualitative descriptive techniques, namely by describing conditions or phenomena in the field that are selected systematically according to their categories to obtain conclusions using languange that easy for the public to understand. The analysis is carried out with an inductive mindset that is used to convey the really of research results that are specific in nature to draw general conclusions, then analyzed in the perspective of Islamic economis to determine their truth value.

4. RESULTS AND DISCUSSION

Aur Kuning convection market, was established in 1981. This market located is not far from downtown Bukttinggi, to be precise, on the bypass road and Diponegoro street, approximately 500 m from downtown Bukittinggi. Aur Kuning market is a center for convection or trading textiles. Aside from being a trade center in this area, there is also a bus terminal, so thaht people from outside the city and privince will indirectly stop at the Aur King market. The excistence of this bus terminal greatly supports existing trading activities because it makes it easier for traders or buyers to load and unload goods. Aur Kuning market has 1.497 shops, 4.383 plots of stalls for selling, and more than 350 street vendors selling there. Most of the people of Bukittinggi and Agam district are convection entrepreneurs, who market their wares there almost every day. That's why the Aur Kuning convection market is the largest convection market on the Island of Sumatera.

In this market, many and often traders are found siyasah al-ighraq (dumping) practice, but after conducting research, according to several traders who did dumping, it is carried out only at certain times such as when opening a new store, during the month of ramadhan, after eid al-fit'r and at independent day celebrations.then some traders also said they shalsed prices just to use up ols stock, to minimize losses, they sold old items or old fashion clothes below market price to use up old stock, so the money could be used again to make new model clothes, because according to them clothes that are in demand in the market are clothes that follow models or trends so often old models are no longer sold in the market, so that they pile up and make traders lose money, to overcome this they lower prices. (results of interviews with traders)

Another reason found for why traders slashed prices was the encouragement of debt, many of the convection entrepreneurs borrowed money (capital) form banks to produce goods, when he debt was due while there was no money to pay off the debt, so it was not uncommon traders lower prices so that is their merchandies sells quickly, so they can pay debts that are due. Another thing that is also done by some traders who cut prices is a marketing strategy to increase sales, which according to them, they can do this because they are trying to minimize production costs, and streamline the production factors they have, so they can offer cheaper price than other, but the price offered is not too much different from the market price, and this is only occasionally possible they do when they get cheap production raw materials. (result of interviews with traders)

From the results of the interview, it can be concluded that some of the reasons for traders in the Aur Kuning market to lower prices are as follows:

1) Promotions at certain times
2) Sales strategy to increase buyers
3) Selling old items that are no longer selling well in the market or using up old stock
4) Urgent because of the need to pay debts that are due

To see the impact of the price reduction (siyasah al-ighraq/dumping) system carried out by these convection traders or entrepreneurs on market prices and the business of other traders, Interviews were also conducted with other traders who did not slash prices, According to them, most of the convection traders have used a price reduction system (siyasah al-ighraq/dumping), but this is only done at certain times, when there are traders who lower prices, it will certainly have an impact on their sales, but this did not have a significant impact, because they have their own strategy in maintaining production quality, and implement an optimal marketing strategy, so that customers will be loyal and not run to other traders, it can be concluded that the impact felt by other entrepreneurs only at certain times. From the results of interviews conducted by entrepreneurs, they said that the lowering of prices (siyasah al-ighraq/dumping) by traders did not kill their businesses, and do not damage the market price, because according to them that almost all of the convection entrepreneurs have slashed prices, because according to them every entrepreneur has experienced difficulties in business such as stockpiling of old-fashioned goods and being in debt.

Based on the research results obtained, the price reduction system (siyasah al-ighraq/dumping) carried out by traders at the aur kuning convection market in Bukittinggi is not a price reduction carried out to kill other people's businesses and undermine market prices, where price reduction is only done at certain times (sporadic dumping), Sporadic dumping is allowed because it is only temporary and only to use up unwanted products. (Fasya, dkk, 2018) then the price set is also not too much different from the market price, Lowering prices is done only as a marketing strategy in order to increase sales, return the capital that has been piled up in excess of old goods, anticipate losses on the surplus of old goods, to fulfill the need to pay for production costs in the future as well as to fulfill obligations (debt) that are due. Then other traders also felt that they were not harmed by the presence of several traders who lowered the price. This is certainly not prohibited in Islam because it is not detrimental to other parties, and not to disrupt market prices. According to them, this is just a marketing strategy and to return capital that has not been returned due to the accumulation of unsold old goods.

5. CONCLUSION

Based on the results of research conducted, siyasah al-ighraq (dumping) by traders in the Aur Kuning Bukittinggi convection market, West Sumatra province, not forbidden in Islam, because the siyasah al-ighraq (dumping) is not done to monopolize prices in the market, and not to kill the business of similar producers. Siyasah al-ighraq (dumping) is done only at certain times, like when opening a new store, Ramadhan month, after Eid al-Fitr, and Independence day celebrations. Then siyasah al-ighraq (dumping) is also not too much different from the market price, so as not to damage the market price. Other traders also do not feel disadvantaged by the presence of several traders who dumping, because according to them it is something that is usually done by traders to attract the attention of customers, or just to sell excess stock of old goods that have accumulated.

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