

The Prices of Goods Continue to Rise and Only the Islamic Economy Can Solve this Problem

News:

Malaysia: The issue of supply and the increase in the price of eggs is still a hot topic at the moment. Earlier this month, the Agriculture and Food Security Minister, Mohamad Sabu, announced the new lower price of eggs. The Prime Minister, Datuk Seri Anwar Ibrahim also stressed on the government's aim to reduce dependence on egg cartels. He also added "...we hope that the amount of eggs distributed in the market will be enough and the price will be reduced". Today, we still see that buying eggs continues to be a difficulty especially for restaurant owners and bakers.

Comment:

This egg supply problem in Malaysia should actually be seen in a wider context. It is not simply an issue of shortage and rising prices of eggs. It also involves aspects of food security and inflation. Will this problem ever be solved? Although there is no doubt that there have been efforts by the government in dealing with the issue of food supply and price stabilization, it is still not clear when this issue will really end.

The fact of the matter is that Malaysia has great potential to produce large food supply independently because of its fertile soil and weather that are very suitable for any agricultural and animal husbandry activities. Malaysia is actually listed amongst the top five fresh egg producing countries with a market value of USD 127 million. If Malaysia is able to become an independent egg producer, aren't we also supposed to be able to overcome this problem independently? Although the government made efforts to stabilize the supply of eggs in the market, including the provision of chicken and egg subsidies to farmers amounting to RM1.233 billion from February 2022 to September 2022, subsidies are not sustainable.

In reality, the capitalist economic system is not a system that promises prosperity and stability. Entering the year 2023, economic analysts have already agreed that the world will experience a recession and managing the cost of living is not just about dealing with increasing food prices in patches. The increase in food prices and the cost of living in general, factually speaking, is a systemic issue and not simply a supply and demand problem. In Malaysia, between 1980 and 2010, there had been a 60% increase in food prices. Extrapolation of the trend sees persistent increase of food prices in years to come. True, there are price variations due to the balance of supply and demand, but the price index trend will continue to increase without showing any slowdown. Clearly this is a systemic problem - a problem caused by the implementation of the capitalist system itself.

In order to guarantee price stability and a continuous supply of food, Islam has established that the State must implement a currency system based on the value of gold and silver. The State is also obliged to play a role in ensuring independent food security by developing an advanced food industry and efficient and effective agricultural activities. This allows the State to produce its own food supply without depending on the outside world. The currency system based on gold and silver has already been explained by Islam in depth. Islam also guarantees a continuous food supply chain into the market without restriction. Those who try to control the supply of goods, including food, with the intention of gaining profit, will be severely punished. Islam forbids hoarding (*ihthakar*) of goods.

The issue of continuous food price increases is a systemic problem that is closely related to the use of fiat currency and the country's dependence on foreign supplies in terms of food security. The implementation of a currency system based on gold and silver as well as self-sufficiency in the production of food supply will not be fully achieved without the existence of the Khilafah (Caliphate) State in which the entire Islamic Shari'a is applied. Every aspect of the Islamic law is related to one another and only with its total application, real prosperity and stability will be achieved.

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