

THE CASE FOR THE ISLAMIC GOLD DINAR

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Abstract

This article is written in response to the article by Murat Cizakca (2011), “The Islamic Gold Dinar – Myths and Reality”, which appeared in the ISRA International Journal of Islamic Finance, Volume 3(1), 2011, pp. 49-63. Cizakca basically provided a case against the gold dinar. However, it was obvious that the paper misunderstood what the denarists’ actual ideas and propositions are; thus, its refutations are mostly off target. This article explains the actual proposition of the denarists while simultaneously providing a review of Cizakca (2011).

Keywords: Islamic Gold Dinar, gold, silver, intrinsic value, barter, Gresham’s Law, measure of value

I. INTRODUCTION

In a nutshell, the denarists, i.e., proponents of the Islamic Gold Dinar, argue that a fiat monetary system whereby money – or anything of value for that matter – is not redeemable for gold lacks a stable measure of value. Such a stable measure is important for the promotion of justice, stability and sustainability in the economy, particularly in trade and exchange. Islam emphasises the importance of this stable measure of value by imposing severe punishments for its corruption. For instance, “Caliph ‘Abd al-Malik imposed severe penalties for any

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individuals who engaged in counterfeiting.” (Heck, 2004: 33) (See also Allouche, 1994). Al-Ghazālī mentions that God created gold and silver as a measure against which all other things are valued (Ghazanfar and Islahi, 1997: 27-28) (See also al-Dimashqi, 2011: 13-15). Just as the kilogram is a measure of weight and the meter measures length, the dinar and dirham measure value (i.e. a measure for utility derived from goods and services), but only when these units are clearly defined in objective and stable physical terms.¹ Even though utility derived, i.e. value, can vary according to individual preferences, the type and amount of goods consumed, the time of consumption, etc., a reliable measure of that value is necessary for just trade and exchange to take place, including the valuation and settlement of debt. In an interest-based fiat monetary system this stable and reliable measure of value is practically non-existent. Indeed its non-existence creates so much economic and social injustice that Meera and Larbani (2006) not only argue that the *maqāṣid al-Sharī‘ah* (objectives of Islamic law) are not attainable in a fiat monetary system, they contend that the economy is, in fact, pushed ever further away from the *maqāṣid*. Anything that takes the economy away from the *maqāṣid al-Sharī‘ah* cannot be Islamic and its implementation must necessarily be counterproductive to the achievement of Islamic values and systems. It is due to these observations that the denarists put forward their reasoning and propositions, which are indeed not new ideas but rather a discovery of the completeness and wholesomeness of the Islamic economic system of the past, which formed the backdrop during the glorious times of Islam. It is just a rediscovery of the wisdom behind why gold and silver were monetary standards in Sharī‘ah and the dominant money in most of Islamic history.

1 Hence, the kilogram is defined as being equal to the mass of the International Prototype Kilogram, which is almost exactly equal to the mass of one litre of water; and the meter is defined as the length of the path travelled by light in a vacuum in $1/299,792,458^{\text{th}}$ of a second. The dinar is defined as equal to 4.25 grams of gold and the dirham is defined as equal to 2.975 grams of silver; see M. Ismail Marcinkowski (2003), *Measures and Weights in the Islamic World*, Kuala Lumpur: ISTAC, pp. 1-11 passim; and Allouche (1994), *Mamluk Economics*, p. 89.

II. THE CIZAKCA (2011) PAPER

First of all, we would like to thank Prof. Murat Cizakca and commend him for his courage in putting his objections against the gold dinar in writing. Many scholars have voiced their reservations and objections regarding the gold dinar but have never put their opinions in writing. Putting something in writing is important so that others can contemplate the ideas, evaluate their pros and cons, increase understanding and, hence, make up their minds. This process helps individuals and societies to ascend to higher levels of knowledge.

A. The Review

First of all, from reading the entire paper we conclude that Cizakca (2011), unfortunately, is not well informed about the actual propositions of the proponents of the gold dinar. For example, the denarists – a term first used by Ibrahim (2006) for those who advocate the use of the gold dinar as money – did not generally claim that all socio-economic problems would be totally solved when gold is used as money; rather, that problems like persistent inflation, credit crunches, frequent economic recessions and unemployment would be significantly reduced.

We have argued in our earlier works that in order to achieve **a just, stable and sustainable** monetary and economic system it is important to have **real things as a measure of value**, i.e. as a reference point (See Meera and Larbani (2006b) for example). In this regard, as mentioned earlier, al-Ghazālī stressed that Allah (SWT) created gold and silver as a measure of value. That does not mean that for every trade and transaction we must use gold or silver as the medium for exchange; rather, the values of things should be measured relative to these metals. The wisdom behind assignment of gold and silver as measures of value seems to have been lost in the passage of time and hence is missing in current Muslim intellectual thinking.

The wisdom behind the superiority of using gold and silver as measures of value will become clearer if we understand the nature of the present fiat monetary system and its socio-economic implications.

B. The Nature of the Present Fiat Monetary System

The denarists' main criticism of the present fiat monetary system is that it creates purchasing power out of thin air when new money is created. This 'free' purchasing power – i.e. the seigniorage – that accrues to the first user of the newly created money unjustly transfers wealth in the economy and has significant socio-economic implications. There are three main characteristics of the present fiat monetary system that contribute to this unjust transfer of wealth: (i) creation of new fiat money; (ii) the fractional reserve banking system; and, (iii) interest rates. Meera and Larbani (2006a) argue that all the above three characteristics are indeed *ribā* (interest) that transfers the wealth of men by *bāṭil* (wrongful) means. The Holy Qur'ān states:

Do not usurp one another's property by unjust means nor offer it to the judges so that you may devour knowingly and unjustly a portion of other people's property. .

Qur'ān, al-Baqarah (2:188)

Believers! Do not devour one another's possessions wrongfully; rather, let there be trade by mutual consent. and do not kill one another; indeed, Allah is ever Compassionate to you.

Qur'ān, al-Nisā' (4:29)

Most money in the present monetary system is created by privately owned commercial banks, by means of the fractional reserve banking system, when they give out new loans. Here, the question arises: Why should the power to create free purchasing power be vested in private hands? In the real economy, there is no magic. Hence, such free purchasing power is only created by taking away purchasing power from others in the existing economy by means of inflation. Hence, when inflation is a monetary phenomenon, as is the predominant case with the present monetary system, not everyone loses. The ones that enjoy the first use of newly created fiat money stand to benefit. Therefore, this inflation is accompanied by an unjust transfer of wealth.

Hence, the criticism of denarists of the present monetary system is basically founded on the fact that the system is unjust and goes against the *maqāṣid al-Sharī'ah*. The unjust and unsustainable nature of the present monetary system is so evident in the present global monetary crisis that even the United States, the sole world superpower, is collapsing due to the fallacies of its monetary system.

C. Real Money Systems

Accordingly, the denarists argue for the establishment of real money systems, i.e. the use of real commodities as measures of value, as reported in the *ḥadīth* below:

Abu Sa'īd al-Khudrī quoted Allah's Messenger (peace be upon him) as saying: [An exchange of] gold for gold, silver for silver, wheat for wheat, barley for barley, dates for dates and salt for salt [must be] like for like, payment being made on the spot. If anyone gives more or asks more he has dealt in ribā. The receiver and giver are equally guilty.

Ṣaḥīḥ Muslim

Thus, the denarists argue that people must be given the freedom to choose their own medium of exchange. In the presence of such freedom, history has documented that gold and silver have always dominated as the ultimate forms of money. However, in the absence of such freedom, such as when people were forced to accept paper notes as money through the legal tender law, both gold and silver lost their monetary role. Historically, demonetising silver also had similar effects. When this freedom was taken away, the economy would become unjust, creating widening gaps between the poor and the rich, causing instability with periodic collapses followed by recessions, persistent unemployment, unjust transfers of wealth, etc. and it would be unsustainable, as is obvious from the current unfolding collapse of the global monetary system.

In our arguments we will hold gold as representing all real money. It is important to note that the term “money” represents both real

and imaginary meanings: “real” when we use money as a medium of exchange for buying goods and services; “imaginary” when we use money as a measure of value, as in a credit sale. The latter only involves recording of the transaction without any physical use of real money. The denarists argue in favour of returning to the use of gold as a measure of value, more than using it as a medium of exchange for every transaction. The gold dinar is indeed a historical system, but today we should make use of all modern infrastructure including electronic payment systems in implementing gold as money.

Accordingly, in our opinion, the best form of money today is **electronic gold-based interest-free credit**. This would still be a real money system because the measure of value is gold. Thus, it is important to note that we are not calling for a total return to coinage because the most important function of money is as a **measure of value**, as correctly pointed out by al-Ghazālī. However, some coinage, i.e. real money, is essential to add credibility to the whole system.

Among the necessary conditions of an Islamic monetary and economic system is that it has to be **fair** and **just**. A system cannot be unjust and oppressive and yet be Islamic. Gold coinage fulfilled this fair and just characteristic and hence, the Prophet (peace be upon him) accepted the Roman denarius coin as the Sharī‘ah monetary standard. In fact, gold has been shown to also contribute towards stability and sustainability of economic systems. The works of Roy Jastram (1977) and others attest to this.

On page 50 of the article, Cizakca (2011) makes the statement: “*While barter was thus declared as a form of ribā, trade with money was approved and encouraged. The Prophet used non-Muslim Byzantine and Persian coins.*” This statement is erroneous because barter was never declared as a form of *ribā*. The author has to be careful in making such remarks. Only exchange of *ṣarf* items like gold, silver, wheat, etc. in unequal quantities is regarded as *ribā*. People can exchange different items, i.e. they can barter different things for whatever quantities they mutually agree upon. Such barter of different items is not *ribā*. Mutual barter is trade. One has to be careful of this because the Qur’ān asserts that:

Allah has permitted trade and forbidden usury.
Qur’ān, al-Baqarah (2:275)

On the same page 50, last sentence, Cizakca (2011) makes the statement: “*Therefore we need to ask, would he [the Prophet] have wanted to use paper money if he had any choice?*”

This is a good question to ask. But nonetheless, in our opinion, we need to remember that the Islam which the Prophet (peace be upon him) left for us was complete in its essence, as the following verse from the Qur’ān attests.

*This day have I perfected your religion for you,
completed My favour upon you and chosen for
you Islam as your religion.*

Qur’ān, al-Mā’idah (5:3)

Since a gold-based Sharī’ah system was what was established by the Prophet (peace be upon him), in principle it must have been perfect; otherwise we would have inherited an imperfect religion that needed to be perfected by later generations.

Accordingly, therefore, Muslims can ‘modernise’ their lives so long as the modernisation does not affect the essence and principles of the religion, without acting against the *maqāṣid al-Sharī’ah*.² It should not compromise its core values – economic justice, etc. Similarly, the Prophet (peace be upon him) would have used paper money if it could have maintained the Islamic principles and contributed towards the attainment of the *maqāṣid al-Sharī’ah*. Cizakca (2011) does recognise that the prohibition of *ribā* in the Qur’ān would have been a powerful clue in deciding on the use of paper money.

Now consider Cizakca’s (2011) statement: “*We now know, with hindsight, that while paper money fulfils the ultimate Islamic goal of zero percent rate of interest, coinage does not.*” (p. 51, para 1, last sentence). The statement manifests extremely poor judgment. The convergence of interest rates in Japan, Europe and the US to near-zero levels is indeed a manifestation of the interest-based fiat monetary system, i.e. when the economy is pushed into a liquidity trap. The liquidity trap is caused primarily by compound interest itself, which causes money and debt to rise exponentially in the economy until the economy becomes unable to bear the burden of debt and therefore

2 Hence if cars and tar roads had existed during the Prophet’s time, we believe the Prophet (peace be upon him) would have used them instead of riding on camels.

finally snaps. Individuals, businesses and the government would begin to default on loans; at this point money gets ‘destroyed’ due to the loan defaults, thereby pushing the economy into recession. The destruction of money also prompts the central bank to execute expansionary monetary policies, to pump in new money – what is termed quantitative easing (QEs) in the case of the US subprime mortgage crisis. Nonetheless, if at the time of expansionary monetary measures the economy is still burdened with high levels of debt, then the economy would be in a liquidity trap. In this case, the subjects in the economy would be unable to borrow additional money even when interest rates are brought to very low levels. This is the reason why even low interest rates cannot jump-start economies in a liquidity trap, as is the current case with Japan, Europe and the US.

Hence, Cizakca’s (2011) argument that paper money fulfils the ultimate Islamic goal of zero percent rate of interest while coinage does not is seriously flawed. It is an observable feature of these cases that when interest rates reach near-zero levels, the economy is not in good shape. Japan has not been able to free itself from persistent recession over the last two decades. Similar conditions are now being observed in the US and Europe. In the case of the US, millions of homes were foreclosed and many millions of people became jobless and homeless due to this situation. Such situations cannot be justified and are not desirable even if interest rates are brought to very low levels.³ One has to remember that whatever policies are undertaken, the ultimate criterion to determine their Islamicity is whether they contribute towards the achievement of *maqāsid al-Sharī‘ah* or not.

Furthermore, another flawed argument in Cizakca (2011) is the statement that the interest rate is caused by the **intrinsic value** in items. If this is so, high interest rates like 10 percent or even 20 percent, as is the case in some countries, should never have occurred with paper money. Indeed, the interest rate has nothing to do with the intrinsic value of items. Interest rates exist predominantly when some

3 On page 52, Cizakca (2011) again argues that governments like Japan and the US were able to achieve zero interest rate with paper money; and that an Islamic government that uses coinage would not be able to achieve the same. For the same reason discussed earlier, the entire paragraph is flawed in argument. A government that wants to achieve zero interest need not experiment with paper money; it can just decree so by law, which is what happened during most of Islamic history.

quarters can **control the quantity of money** that circulates in the economy.⁴ Indeed, central banks always keep money supply scarce by constantly mopping up liquidity and thereby creating a fertile ground for interest rates to exist.

On page 53 of Cizakca (2011), the author is mistaken if he believes that the denarists propose only gold and silver as money. On the contrary, the denarists argue for the absolute freedom of the people to choose their own medium of exchange. They argue that governments should not force anything upon the people as money, particularly fiat money, as it is created out of thin air and has no intrinsic value.⁵ Hence, imposing any legal tender law to force people to accept fiat money would prove detrimental to the society in the long run.

The denarists argue that, given a choice, people would choose for money items that have intrinsic value, with additional characteristics such as divisibility, durability, easy mobility, etc. Many commodities fulfil these conditions and can therefore be used as money, but they argue that gold and silver would naturally dominate the list due to the additional characteristics that these metals possess – such as high value to weight ratio, being chemically very stable, etc. Therefore the denarists' views do not contradict the views of Muḥammad ibn al-Ḥasan al-Shaybānī, Ibn al-Qayyim, Ibn Taymiyyah and Aḥmad ibn Ḥanbal as quoted in Cizakca (2011). It is, therefore, not correct to conclude that these scholars opened the way for Muslims of future centuries to utilise paper money.

The denarists point out that the seigniorage in fiat money is unjust and is profound *ribā* (see for example, Meera & Larbani, 2006a). If their argument is true and if paper money had existed during the times of those learned scholars of the past, surely they would have rejected paper money outright. The denarists opine that in order to derive pure

4 Demonetisation of silver in the United States in 1873 brought about a sudden shrinkage of the money supply and pushed the economy into serious recession since, thereafter, only gold played the role of money. The elite who had the gold money supply then charged high interest rates to those who wanted to borrow their gold for monetary purposes.

5 It is precisely because paper money has no intrinsic value that it had to be made money through the legal tender law, thereby stripping away a fundamental right from the people – the right to choose their own money.

and pristine opinions from the Sharī'ah scholars, they should not be paid advisors to financial institutions, in order to remove conflict of interest. Hence, some scholars of today approve paper money either due to their failure to understand how the modern monetary system works, which in our opinion is the case most of the time, or due to their vested interests in taking such a stand, particularly when they are employed as Sharī'ah advisors to financial institutions.⁶

It is well documented in history that gold and silver coins circulated within and among nations for centuries. Indeed, the global monetary system was linked to gold until 1971 when the Bretton Woods system collapsed. We, therefore, have had a pure fiat money system for only the last 40 years or so; it is evidently unsustainable and is thus collapsing. Even the President of the World Bank, Robert Zoelick, although he was criticised for it, recently called for the anchoring of global major currencies back to gold.⁷

Cizakca (2011) asserts that inflation and depression can still occur under the gold system. Yes, movement of gold between nations can cause inflation or even depression, due to drastic variations in the quantity of money in circulation and when that quantity is not given its due attention by the monetary authorities. The denarists propose the avoidance of inflationary and recessionary cycles by using gold predominantly as a **measure of value** and not as a medium of exchange for every transaction. Much inflation and recession can be avoided using **gold-based credit money** in an electronic payment system. This is because, in a credit system, the quantity of money is automatically controlled; a credit will be created only when actual transfer of goods or services takes place.

On page 54 of Cizakca (2011), the author brings up the issue of inflation again, citing occasions in history when that happened. The denarists do not deny this. But the cause of this inflation was not due to the dinar or dirham but to the manipulation of their value by governments through debasement. The author himself later gives evidence for such debasement; e.g., on page 56 the author says, "*In*

6 Or when their income is somehow associated with the financial institutions, or when they expect to receive some kind of awards for doing so, etc.

7 Academics and students of economics and finance must ask the question why the President of the World Bank ever even made such a remark.

case the reader wonders about the Islamic world, it should suffice to note that the Ottoman asper (akçe) was one of the most frequently and drastically debased coins in Europe.” Hence it is clear that it was the irresponsible debasement by governments that mostly contributed to inflation in past history.

Nonetheless, early Islamic rulers imposed severe punishments for such debasement, clipping of coins or any kind of manipulation of the medium of exchange. Such protection of the dinar and dirham created so much trust in the quality of the Islamic gold dinar that it ultimately replaced the Roman bezant coin even in Europe itself, as clearly shown by Gene W. Heck (2004, pp. 23-40 and pp. 111-119) in his remarkable study, *Medieval Muslim Money*. He says:

For by the onset of the Middle Ages, rulers and traders of Europe had honed a keen appreciation for the transactional value of the superior quality of Muslim money....The high intrinsic value of the Islamic currency was then so generally conceded that a number of European rulers deliberately emulated it both in its weight and its design to facilitate interregional monetary exchange calculations and to bolster the prestige of their own mint proceeds (Heck, 2004: 111).

Debasement is not the fault of the dinar or dirham but the fault of irresponsible governments, as shown by al-Maqrizi in his remarkable book, *Mamluk Economics* (Allouche, 1994). In gold-based systems even though new discoveries of gold can cause inflation, such things go back to equilibrium because there would be an automatic adjustment mechanism under the gold system. If new gold discoveries are made, miners would not simply want to mine all the gold out indiscriminately because they know this would only cause inflation, i.e. they would have to give up more of their mined gold for the things they want. Accordingly, they would only mine enough gold to match the existing economic activity level so that they would not lose out due to inflation. On the other hand, if there is excess gold in the market during times of low economic activity, the excess gold would tend to find its way into jewellery, ornaments, etc. thereby

automatically reducing gold for monetary purposes. And, when there is shortage of money, jewellery and ornaments would be turned back into money again. Hence, over the long run gold would prove to be a good hedge against inflation. There is much empirical evidence for this. See, for example, Ibrahim (2009).

The denarists argue, therefore, that if gold-based payment systems using electronic means are implemented, the abovementioned means of manipulation of the medium of exchange can be overcome and it is, therefore, possible to restore a truly just, stable and sustainable monetary system. Roy Jastram (1977), in his book *The Golden Constant*, showed by using 400 years of data that when things are priced in gold they depict a constant price, i.e. there is no inflation over long periods. Temporary inflation can occur due to natural reasons like floods, etc., but on average, prices will go back to normal again.

The denarists, as far as we know, never argued for a fixed money supply. In our writings we contended that money supply generally grows faster than the real economy due to the nature of the compound interest-based fiat monetary system. In an Islamic system, money supply would fluctuate according to the real economic activity. The same would be the effect with gold-based credit money. With credit money, shortage of money would be practically non-existent and the credit would be created only when there is an actual transfer of goods or services. Cizakca (2011) has therefore clearly misunderstood the denarists on this issue. They argue for technically fixed exchange rates and not a fixed money supply.

As mentioned earlier, denarists also contend that in the present age of information and communication technology (ICT), gold payment systems that incorporate real-time auditing can be implemented, which would totally eliminate the possibility of debasement, clipping of coins, etc., because under this system the dinar is used predominantly only as **a measure of value** with **netting** as the main characteristic. Physical movement of gold in the economy is, therefore, not necessary with a modern ICT infrastructure.

On page 57, Cizakca (2011) discusses Gresham's Law. By discussing Gresham's Law here the author seems not to have realised that the denarists have always argued that the gold dinar must be made

to circulate according to its intrinsic value.⁸ Hence a face value must never be imprinted on it. Notice that all historical gold coins were never given face values. The gold dinar, for example, is a particular weight of gold, generally 4.25 grams of gold, the gold being as fine as possible. To make a debased coin circulate, it necessarily must be made **legal tender** by the government and that would cause the debased ‘bad’ money to drive the fine gold coins out of circulation. This is what Gresham’s Law is all about. **If the inferior coins were not made legal tender, the people would reject them in favour of the fine gold coins.** This is the reason why, historically, the Islamic gold dinar replaced the then popular Roman bezant as the dominant coin even in Europe. There is an important point to note here, i.e. **without a legal tender law, good money would drive out bad money.** Accordingly, the inferior paper money, compared to the gold dinar, circulates today simply because it is made **legal tender**.⁹

Hence, following the denarists’ proposition, the argument in Cizakca (2011) between face value and intrinsic value does not hold. And the statement that all these would bring about higher rates of interest in the Islamic system is simply poor judgment. The gold dinar is not a new idea or invention. It was the monetary standard for centuries, throughout Islamic history. One is prompted to ask at this point, was the rate of interest high in the Muslim world in recorded history?

The entire discussion of Gresham’s Law in Cizakca (2011) with its graph on dynamics is hence unwarranted. The author constantly seems to view debasement as a weakness of the coinage system rather than as a crime against it. The author’s constant referral to price of coin as being the same as the rate of interest is equally poor judgment. In the Islamic system, it is appropriate that the cost of minting be borne by the government because when a coin circulates in the economy, where it is used again and again, it generates economic activity multiple times over its own intrinsic value. This is the velocity of money circulation. The government gets back the minting cost plus additional revenue when it taxes all newly created wealth.

8 Intrinsic value is value determined by the natural forces of demand and supply.

9 See the important discussion in Jorg Guido Hulsmann (2004), “Legal Tender Law and Fractional Reserve Banking,” *Journal of Libertarian Studies*, vol. 18, no. 3, Summer.

On page 60, Cizakca (2011) argues that gold-producing countries would be at an advantageous position in the gold dinar system. The denarists refute this, saying that since gold is used predominantly as a measure of value, it does not matter whether a country is a gold producer or not. What matters is that it has resources – natural resources or human resources. A country may have good gold deposits but another country may have oil, for example. The former can invest and extract its gold while the latter can invest and bring out the oil and both countries then exchange their produce. **What is important is that all goods and services are priced in gold.** This is what the denarists propose, i.e. using gold as a measure of value. Hence the argument that the Islamic world would be at the mercy of the major gold producers, with the existence of huge *gharar*, is unfounded.

The statement in Cizakca (2011): “*The reason why the Islamic Gold Dinar may be subject to gharar and might be prohibited....*” is most unworthy. We would like to draw the readers’ attention to the fact that the Prophet (peace be upon him) was the first denarist in the Islamic world. The Islamic economic system and the *mu‘āmalāt* aspects of the Sharī‘ah that the Prophet (peace be upon him) left behind for the Muslims were based on the gold dinar as the monetary standard. It is most unfortunate to conclude that the gold dinar system left by the Prophet (peace be upon him) contains *gharar* and should, therefore, be prohibited.

However, the denarists strongly agree with the statement on page 61 of Cizakca (2011) that “*anything that is generally accepted by the public can fulfil the role of money*”. What they disagree with is forcing upon people **things without intrinsic value as measures of value**, such as paper money by means of the legal tender law.

Denarists too say and agree that money is not a commodity. They say money is a measure of value, i.e. more of an information system for keeping score but which uses values inherent in commodities as a reference point, or technically, what is known as *numeraire*. Hence money must necessarily use a commodity that has intrinsic value to measure the relative value of goods and services.

Again, Cizakca’s (2011) statement “*...introducing the Islamic Gold Dinar would be harmful for the Islamic world and therefore constitutes mafsadah. This means that attempts to introduce the Gold Dinar might be prohibited*” reveals extremely poor judgment, lack

of knowledge of Islamic history and is very dangerous because, if followed, this itself could lead to *mafsadah*.¹⁰

III. CONCLUSION

It is obvious from the current global economic and monetary malaise that there is a systemic flaw in the global monetary structure. The US subprime mortgage crisis, the Dubai *shukūk* defaults and the debt crises of Greece and other European countries are all manifestations of that flaw. Alan Greenspan, the former Chairman of the Federal Reserve, also admitted in testimony to a Congressional Committee on 23 October, 2008, that there was a flaw in his governing ideology:

“I had been going for 40 years with considerable evidence that it was working very well. The whole intellectual edifice, however, collapsed in the summer of last year.”

Financial Times (24 October, 2008, p. 1)

Factors such as systemic flaws, abundance of new money creation and the increased velocity of dollar circulation due to the world's falling confidence in it are threatening the whole world with serious hyperinflation in the near future. The poor and the developing nations and countries that import significant food items would be seriously hit or even devastated. It is in the wake of this global mess that the President of the World Bank, Robert Zoelick, recently called for a return to the gold standard for a stable and sustainable structure. Indeed such a structure would also promote economic justice and this is also what the gold dinar is all about.

Hence, to conclude, we would again like to remind the reader that the gold dinar system is the system which Muslims inherited from the

10 Global nations, including the Muslim world, are already in a state of *mafsadah* brought about by the interest-based fiat monetary system adopted worldwide. The current meltdown of the fiat monetary system globally is expected to create serious hyperinflation that would soon devastate a lot of people and nations. Isn't this *mafsadah*?

Prophet (peace be upon him) and it forms the monetary standard in Shari‘ah, on which the rules of *mu‘āmalāt*, *mahr*, *ḥudūd* and *zakāh* are all based. When the mission of the Prophet (peace be upon him) came to an end, God revealed the verse:

This day have I perfected your religion for you, completed My favour upon you and chosen for you Islam as your religion.

Qur’ān, al-Mā’idah (5:3)

And the terms dinar and dirham as money are indeed mentioned in the Holy Qur’ān:

And among the People of the Scripture are those who would return a hundred pounds of gold (qinṭār) to you if you entrusted it to them; and among them are those who would not return even a single coin (dīnār) to you....

Qur’ān, Āl-‘Imrān (3:75)

And they sold him for a minor sum, a number of silver coins (darāhim).

Qur’ān, Yūsuf (12:20)

It is on these grounds that the denarists are calling for a return to the Islamic gold dinar. The denarists would hence totally agree with the statement by Cizakca (2011) that “... ***an Islamic currency accepted world-wide should not be imposed from above by some well-meaning academicians and governments but should be demanded by Muslims***”. That is, as far as money is concerned, the people must be given the freedom to choose whatever they wish to use as money.

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