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`Single Islamic currency needs commitment'

WHILE the idea is not impossible, making it work can be quite a task as it requires concerted effort from various parties, said economists on the proposal for a single Islamic currency.

Economist Dr Ghazali Atan said the proposal is achievable and valid. However, how quickly it could be done would depend on the commitment and vision of the Islamic countries, he said.

He said despite the idea being a positive one, without such a commitment, it would involve a very long process as "we simply cannot do all this on Day One".

He said this when contacted to share his views on the possibility of Muslims worldwide shifting to a single Islamic currency, namely the dinar and dirham based on the value of gold and silver.

Ghazali said one of the challenges to getting this proposal implemented is how to convince non-believers to adopt the Islamic way.

"Even now, most Muslims still do banking the conventional way rather than use the Islamic approach," he observed.

He said if all goes well, the Islamic currency can be an alternative and used alongside the US dollar but "it cannot fulfil all the functions of money".

Another economist felt that for a single Islamic currency to succeed, the member countries must share common economic fundamentals first.

The Islamic countries in West Asia, he noted, were dissimilar compared with countries in this region like Malaysia which has a multiracial society.

"Theoretically, it sounds nice to have a single currency but one has to look at the credentials and track record of all these economies, too."

He cited the hiccups the euro has been facing as a counterweight to the US dollar.

"The euro should have been a substitute for the dollar but has failed."

On the need for a new world currency as an alternative to the US dollar, he described this as something difficult to achieve based on the fact that the US economy, being a "world locomotive", ensures the stability of the currency (and maintains its strength over others).

Prime Minister Datuk Dr Seri Mahathir Mohamad had said that having a single Islamic currency could reduce dependence on the US dollar.

He also noted that 80 per cent of the country's trade payment was made in US dollars.

The leader of the Murabitun World Wide Movement, Umar Ibrahim Vadillo, said last week that the use of an Islamic currency based on the price of gold was viable as its value could not be manipulated by any forces.

Stability in gold price is undeniable, he added.

In an interview recently, World Gold Council international director for retail investment Albert Cheng said: "Gold is not directly affected by the economic policies of any individual country and cannot be repudiated or frozen as in the case of paper assets."

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