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Evolving a Gold Dinar trade bloc

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IT HAS been hailed as the most important event since the Bretton Woods Agreement. Others have gone further, citing the Gold Dinar as the most important event since the Osmanli Khalifate was dismantled at the beginning of the last century.

Certainly, for the Muslim world, the Malaysian initiative to use the Gold Dinar for international trade settlements is a pivotal event on which the future balance of world power may turn.

The Gold Dinar and Silver Dirham are the traditional Syaria currencies of the Muslim world. They are mentioned in the al-Qur'an, and in the Sahih hadith collections. They are clearly part of the Prophetic Sunnah and form the classical basis for calculations of zakat and all other financial aspects of Syaria law. The Gold Dinar is 4.25 grams of gold, and the Dirham is 2.975 grams of silver.

They were in use throughout the Muslim world until they were eclipsed by the advent of paper money and modern usury-banking techniques.

Moving forward, there is room for expansion. The Asian financial crisis in 1997-98 brought home a couple of pointers for affected countries. One can sum up a five-fold message. High on the list is that paper currencies have no real value, but merely numbers printed on paper. Second, the nations had a taste of the unstable and unjust global financial system. The other messages were:

* Developing nations have little or no defence against currency speculation;

* That, to defend ourselves, we must create our own trading currency;

* Gold is a safe and stable store of wealth and a globally accepted trade currency.

During the crisis, Prime Minister Datuk Seri Dr Mahathir Mohamad successfully defended the Malaysian economy against the attacks of the currency speculators. On top of that, he also warded off the interference of the International Monetary Fund (IMF). One may say that, among others, these events gave Dr Mahathir a deep understanding of the importance of developing a common gold-based trading currency for the Muslim nations.