

Arab nations 'need to revert to gold dinar'

Publish Date: Sunday, 14 June, 2009, at 10:05 PM Doha Time

By Anwar Elshamy
Staff Reporter

A financial expert has called for abolishing the current paper money system and returning to gold currencies instead, saying it was the only way out of the current financial crisis.

Dr Mohamed Syafii Antonio, a member of the Islamic Banking Committee at the Central Bank of Indonesia, said the current paper money system had opened the door for the fraudulent acts that have brought down giant financial institutions on Wall Street.

"By the power of gold we can stabilise the currency. After the crisis, we have to ask ourselves, what went wrong? We have to return to the gold system where currencies were made of gold and tighten monitoring of the system," Dr Antonio said.

"Today, you own money, but it is not real money, it is paper. Money should be pegged to some commodity like gold. Otherwise it is not real money," he added.

He also urged Muslim countries to return to the "Islamic Gold Dinar" as a single currency, while pointing out that the paper money currencies adopted by Muslim countries were just products of the colonial era.

"Muslims were using the gold dinar in business transactions since the days of Prophet Muhammad until Western powers invaded the Muslim world.

"I hope that every single Muslim country adopts a dinar made of gold again to avoid the problems triggered by paper money which is a product of the capitalism," he reiterated.

He also stressed that currencies across the world should be pegged to gold to stabilise economy.

"Today, a country can print a billion worth of its paper money and nobody will be the wiser. And the more a country prints, the higher the inflation," he added.

The expert, who was giving a lecture on Shariah-compliant finance that was held at the Qatar Charity and organised by the Indonesian Community association, also said that this was not the first time that the world was hit by a financial crisis.

"Financial crises have erupted 32 times since the beginning of the 20th century. Among others, there was one that affected the world in 1907, one during World War One and again during World War Two, during the Great Depression of the 1930s, one during the 50s in Russia, the 60s in Germany, 70s in Mexico, Argentina, and Brazil, in 1998 in Southeast Asia, and now in the US."

On how Muslims can reduce the impact of the financial crisis, the expert urged Muslims to break away from capitalistic values.

"Muslims should do away with many of the values promoted by the capitalist system. They should invest in Islamic instruments like suquk and go for Islamic insurance and deal in Islamic banking.

"It is the greed of capitalism on Wall Street that brought down the financial institutions there." Dr Antonio added.



Dr Antonio delivering his lecture