

The Architecture of the Gold Economy - an Academic Perspective

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The background of this talk is the recent historical announcement by the Prime Minister of Malaysia, saying that he wants to use the Islamic Gold Dinar in place of the US dollar for overseas trade settlements. Many people are of course stunned by this announcement, asking, "What do you mean by a gold coin, we are now in the 21st century, with Visa card, MasterCard, and electronic currencies?"

The Prime Minister has continued to speak about this subject, the Islamic Gold Dinar, and the tone of his discourse has increased, both in depth and in the breadth of the affair. He is talking about the IGD as being the main instrument for the creation of an Islamic Trading Bloc (ITB), adding another dimension to the matter, because this is not just a question of currency, this is the creation of something that brings other countries into the picture. Recently in Yemen he made another announcement, which is an intellectual jump from his previous discourse on the subject, when on 16 July 2001, he said, "We want to go back to a gold currency, which has intrinsic value, because paper money has no value." This is a well-known criticism of paper currencies, but it is the first time that I am aware of the Prime Minister of a country that actually issues paper money, saying that paper money has no value.

All of this has caused some ripples among his closer circles, and I am perfectly aware of the state of bewilderment that this has provoked. To come closer to this matter, let me say something of my involvement in this affair. For years, the World Islamic Mint started minting the Dinar and the Dirham, starting in 1992. The conception of the World Islamic Mint was part of a wider idea called the World Islamic Trading Organisation. This is the realisation that we need to create an alternative to the current economic ethos that also reflects the fact that we are Muslims, and also changing a pattern that has been characteristic of the 20th Century, which is this phenomenon called Islamisation.

For the last 50 years, we have been engaged in the most incredible intellectual exercise of Islamising the entire usurious system of the west. We went: Bank – Islamic Bank; Insurance – Islamic Insurance, Stock exchange – Islamic Stock exchange; debit cards, - Islamic Debit cards; I used to say, one day they will Islamise the credit card, and this has already happened.

So it seemed that there was no end to this Islamisation, but it fell very short, intellectually, of reaching what Islam has to offer. We felt that this exercise was not only an intellectual mistake falling short as both a valid economic discourse, and also as a valid Islamic discourse. It is very difficult to justify these things using Islamic law. The procedure used in this process is open to criticism – what kind of methodology has been used to come to these arrangements? Our point is that we want to change this trend and to look at this matter with different eyes. We are not trying to Islamise that system, we are trying to create our own. We want to look at Islam, and see whether it has a model – and indeed it has a model – and see how we can implement it today. It was the reverse viewpoint to the previous one, and this is the view behind Islamic Trading.

One of the most significant, and one of the most symbolic, issues behind Islamic trading is the question of currency. The IGD is the currency known as the Shariah currency of the deen of Islam. It is mentioned in the Qur'an, and it is also part of the sunnah of the first community, and it has been part of the history of the Muslims from the beginning of Islam until the end of the Khalifate. The end of the Khalifate was the end of this currency. So then we moved to the twenty-three, or depending how you count, thirty-six different currencies of these little nations that appeared, each with its flag, national anthem, part of the process by which Winston Churchill and some of his colleagues divided up the remains of the Ottoman empire.

So, actually we were given a model within which we had to develop which did not come out of the consensus of the Muslims. It was simply given to us, and the rules and the academic discourse to rationalise this process was also given to us. In pursuit of a more original way of thinking, and perhaps being more correct in looking at the Shariah, we felt that the Shariah does not need reform, what needs reform is the world. So let us not try to adapt the Shariah to modern economics, rather

we should adapt the practices of the world to the shariah. In this type of discourse, one has to look and say, "Where are the Dinar and the dirham?"

The first Dinars and dirhams of this age were minted in Granada in Southern Spain, by a group of European Muslims. It is perhaps part of the picture that we were in this unusual situation, and were forced to look at the matter in this particular way. The emerging European Muslim community is made up of people from Britain, Spain, Germany, Italy, almost all converts over the last 25 years, with the numbers rapidly increasing over recent years. When we entered Islam we did not have any culture to cling on to, we could not go to our parents and ask how to do this, we had to look at the matter as if for the first time, all over again. We were the youngest of all muslim nations, and also the most innocent, and were able to ask the most simple questions, "Where is the currency, what has happened?" We were under the impression that we were leaving a sinking boat, called western culture, and we found the Muslims rushing to jump into it, and we asked, 'Where are you people going? Do you not realise that you have treasure in your hands, and you are trying to imitate something that does not work?'

It was clear that from our background we were looking at the matter from a very different angle, so we came to the questions of the deen without any prejudice, we were more open to it. Looking at the Dinar and the dirham and asking where they were, was just asking the most innocent of questions.

As you are aware, the Dinar has no nationality, it is made of gold, it is the same in Morocco as in Malaysia, or China. It has no inflation; a chicken at the time of Rasulullah, *salla'llahu alayhi wa salam*, cost one dirham, and today you can buy a chicken in Kuala Lumpur for one dirham. So one thousand four hundred years later, inflation is zero. There is a famous study by Professor Roy Jastram from Berkley University, who wrote a book in 1976, a famous classic of the Gold Standard theorists, called *The Golden Constant*. He examined the price of gold against a basket of commodities for four hundred years up to 1976, and he found that the purchasing power of gold is constant. Despite wars and economic crises, despite natural disasters, the purchasing power of gold remained the same.

The present monetary system did not appear by any intellectual or academic discourse or debate, nor by the political consensus of nations. Essentially we are where we are today because of the extraordinary events of the late sixties and early seventies, when the Bretton Woods Agreement was broken, because the USA went bankrupt. They had printed too many dollars, and they could not pay for them. In 1968, when General De Gaulle said to his finance minister that France could no longer tolerate USA exporting their inflation to France, flooding them with dollars, driving big cars and waging wars at everyone else's expense. He told him to get all the dollars in the country and send them back to the US, in return for the gold. As happens in any panic, no one wants to be the last in the queue; within two months, 60% of the gold reserves in Fort Knox disappeared. The USA had to take new measures – illegal measures in terms of contractual law – and forbade individuals to exchange dollars for gold. Later on, even central banks could not exchange dollars either. In 1969 General De Gaulle was ousted, and Georg Pompidou came to power, and together with Willi Brandt created the first policies of the European currency, called the ECU.

This initial attempt of General De Gaulle brought about a crisis for the dollar, leading Nixon in 1971 to break the parity of \$35 per ounce that had been the agreement since the second world war. So we entered into this regime of floating currencies, where each one has a floating rate with the other, which clearly gives an enormous advantage to the bigger economies over the smaller ones for the obvious reason that they give you pieces of paper and you have to give them oil, gas, minerals etc. But you cannot go back to them with a Ringgit and buy even a Coca Cola in New York.

You do not have to be very intelligent to understand that a principle under which one country has the unique privilege – what General De Gaulle called the exorbitant privilege of the United States – to print money that becomes the currency of the world, has an unfair advantage over every other country. It is like trying to play the board game Monopoly, and one of the players says. "I am going to print the money". Everyone else will say, "Hang on a minute! That is impossible, you will obviously win!" These are the circumstances that we are in. Dr Mahathir has realised that the dollar is not sustainable; but he is not the only one. He is perhaps the first Muslim leader to have voiced this matter, but the present leaders of Russia are talking along similar lines, about replacing the US Dollar.

There is an extraordinary academic debate that has arisen with the Nobel prize winning economist Robert Mundell speaking about commodity currencies. People like Professor Deutsch in Germany speak about commodity currencies also, in the sense of establishing a true monetary system. We do not have a monetary system at present, as Robert Mundell reminds us, what we have at present is a disorder which is causing chaos. The most recent victim of this is of course Argentina, who followed the discipline of pegging their currency against the US dollar and it still did not work.

A regime of gold simply means that money has definition, it is fixed in exactly the same way that we consider the kilogram. A kilogram is a kilogram. Just imagine the chaos if there was a Malaysian Kilogram and an Indonesian kilogram. Then you trade with China and they have another kilogram. So then you can forget about trading, the merchandise becomes irrelevant. What will become important is the exchange rate between the different kilograms; that will become the issue. You will open the door to an incredible speculative market of people who start rigging and manipulating these flexible kilograms for their own interest.

As ridiculous as this sounds, it is where we have come to in terms of money except it is politically worse because of the nature of money. One currency has to be the dominant one. The world demands one currency. You can communicate in fifteen seconds between here and New York, you cannot have one hundred and sixty two currencies. It simply does not make sense. The world demands a single currency, and today that is the US dollar, and of course they do not want to change this; but it is unsustainable. It is not fair and it is not acceptable.

There is naturally an enormous rationale as to why we should continue with the US dollar, and an enormous body of literature has been built up as you know perfectly well, saying that the system we have is totally rational and it works perfectly well. They even go further and apply ethical principles to the matter and say that this is the just system, the true free market, you are really letting people choose. There is even an institution that have been created for the sole purpose of sustaining this system. That is the IMF. Robert Mundell for one is very critical of this institution, he has defined it as an instrument, and arm, of American policy, because it is very clear from a monetary point of view that the IMF had very clear aims, and that was to demonetise gold.

The IMF created the SDR's, the Special Drawing Rights, in 1969, immediately after the crisis of the dollar, when the dollar was first exposed. What they tried to do was to solve what they perceive to be the problem with gold, the so-called shortage of gold, by creating a substitute for gold, what they called the SDR. It was originally called gold paper, because it was backed by gold. But it only took two years, till 1971, for the backing of the SDR's by gold to be completely broken. The IMF then embarked on a world-wide crusade to eliminate gold as a currency in favour, naturally, of the USA. The embarked on a campaign of policy-making that dictated and further influenced national policies suggesting that they must get rid of the gold, and replace their gold reserves by US Treasury bonds that give interest. They presented gold as something that was expensive to hold, unnecessary, and this became the orthodox view, until we arrived at the situation we are in now.

There is of course a rationale behind it, but there is also another way of thinking about this whole matter that suggests that this system is unsustainable. This is what I want to explore with you. I do understand that the gold is still seen as an archaic matter. If you read Friedman, one of the many Chicago economists who have looked at the matter, he will tell you naturally that gold is a thing of the past. My point is, and the reason why I have entitled this talk "The Architecture of the Gold economy – an Academic Perspective" is that I want to examine how to look at this matter in a way that will make sense to us. Because obviously something does not work, and yet it is presented as a rational process, so maybe this way of looking is wrong. So how can we approach this matter in a different way?

One can go into the depths of economics, and what economics actually is, its methodology, whether it is a science or an ideology, the roots of this type of thinking; but I am going to bypass all of that, and go straight to something more practical.

The Dinar is not a financial tool, it is a commodity. It is of the same nature as a kilo of potatoes. It has a price determined intrinsically by the market. It is not a promise of payment. Financial institutions and the economy that has arisen around the financial institutions see gold as a problem. If you wanted to boil down their criticism to a single concept, the main problem is what they describe

as the shortage of gold. This means that gold does not allow the increase of the monetary basis because you cannot print more of it. Since gold does not allow the flexibility of creating more credit and money in times of crisis, it is rejected, and the focus, instead of being on the nature of the crisis, is shifted to simply fixing the crisis. We are in a state of permanently fixing the economy, the question of what is causing the crisis is never looked at. The central banks, in pursuit of their primary task, which is fixing the crisis, define gold as secondary, or irrelevant or costly; therefore gold is put aside.

Within this rationale, there is no argument. Gold is bad for the economy. But the question really is – which economy? Is this all the economy there is? In the last ten years it has become fashionable to speak about the real economy and the speculative economy. People have begun to understand that despite growth in the GNP of a country, the money still does not filter down to the bottom of the society, and the gap between poverty and wealth is getting bigger. There must be another way of measuring the economy; how can it be that the industrial output of the USA has gone down, while the GNP has gone up? How do we measure this growth? If I sell you a Microsoft share for 100, and you sell it back to me for 120, and I sell it back to you for 150, and you sell it back to me for 180, 200...we can go on like this forever and we are both getting richer, but we have not added a single service or product to the welfare of the community.

We differentiate between that, and the growth created by trading and by providing services. There is a real economy defined as real people with real trading, with real commodities, in real markets with real money. The size of the speculative economy compared to the real economy is in the region of one to a hundred. The size of the speculative economies have grown enormously in the last few years. My point is that the gold does not help the speculative economy, it is belongs to the real economy. The domain of the gold coin is the real economy. If we are going to understand how the Dinar can be implemented, we have to be able to understand which sector of the economy is most likely to profit from the introduction of this currency. To understand that, we have to go a little bit further than just the currency, and we have to look at what I describe as the Gold Dinar Economy, which is another name for the real economy.

When Dr Mahathir spoke about the Islamic Trading Bloc, immediately there were some reactions within his closest circle. The central bank came to him and whispered that this is too expensive. This is a perfectly valid statement from their point of view, I would say exactly the same thing. In a brief meeting with him recently, I said to him, "The Islamic Dinar may be expensive for the central bank, but the most expensive thing for the poor is the US dollar." He looked at me and smiled; he understood what I meant.

We have to be able to understand the natural resistance of the financial institutions to the. And yet we have to be able to understand where and how the gold can grow. Let us for a moment go back to our past and look at where the Dinar existed. It is impossible for us to think that we are going to bring the Dinar and fit it into a totally alien environment. It would be more logical to imagine that the Dinar will exist in a consistent environment that is familiar, or shall we say welcoming, to the Dinar. That environment from the past has its own institutions that we have lost. The Dinar existed in an ambience in which there were markets – open markets, not supermarkets and there is a big difference.

Islamic Dinar relates to the world of Islamic trading. Let me explain to you what I mean by this, by looking at the most basic of all institutions, the very thing that is so easy to understand, we may have completely overlooked. The most basic of all elements that relate to Islamic trading is the Market place itself. The Rasool, sala'llahu alayhi wa salam, when he went to Madinah, made a mosque and a market. And he put regulations on the market of Madinah, making it function according to certain rules. He said, sala'llahu alayhi wa salam, that the market is like the mosque, it has no ownership, it is a sadaqa for the people. Within the shariah the markets were generally part of the awqaf of the community. In the same way we cannot conceive of the situation where you are going to put someone at the door of the mosque, and ask the people coming in, "Are you a member? Have you paid your fee?" Or that people come into the mosque and mark a place, and build a little wall, saying, "This is my 'asr place." This is inconceivable for us. Well, the market runs along the same principles. Umar Ibn al-Khattab, radhia'llahu anhu, would not allow anyone to put a jug into the market to keep their place. One of the merchants nailed his tent up in the market, and Umar took the tent down, burned it, and threw the man out of the market. This is because the

market place was open, and this had to be protected, to protect the poor.

We have to see the enormous difference between this open market, this Islamic market, and a supermarket like Tesco or Carrefour. These are the extreme ends of two different realities. In one there is no ownership at all, it is open to everyone. The other is owned by one person, or company, and they only permit inside it what they decide. The supermarket can only exist in the absence of the Islamic market. If you put the Islamic market in place the other one disappears. It is the only thing that is competitive, and better than the supermarket. The supermarket is an endgame.

Ibn Khaldun, taking a historical perspective, noted that a period of prosperity is followed by a period of decadence. If you want to know which time you are living in, go to the market place. If it is open to everyone, it is a time of rapid prosperity. If it is owned by a few families, then it is a time of decadence. What he meant by that is that if the market place, instead of expanding as needed, stays the same size, and the owners say, this is just for us. Imagine if there was only one mosque in Kuala Lumpur, soon it would be full, so people could not get in to pray. So an elite group would be the only ones who could get in and if someone else wanted to pray, they would have to ask this elite group to pray for them. This is inconceivable, but it is an example of what has happened with the trading.

How can it be that we allow a small group to have the unique privilege of being the retailers? In Britain, the five biggest supermarkets control 60% of all retailing. In Switzerland, one group controls 51%, in Germany the same, there are three or four who control everything. If you let them go here, soon you will be in the same situation, the small shops will disappear in favour of the big supermarkets. It is a natural trend. Margaret Thatcher, with her political monetarism, managed to wipe out 600 shops throughout the country and handed it all over to the supermarkets, in what she called the elimination of the non-competitive businesses. Of course the monopoly is more competitive, but it is totally unfair, but she was not able to think in those terms.

The most important characteristic of the open market is that, being open, you will have trading; in other words you will have something called caravans, and by this I do not mean camels in the desert. Caravans today can be planes, trucks, ships. The point about caravans is that they need somewhere to go. You can only have a caravan going from one place to another if there is a market place to go to. They cannot go to Tesco, and you cannot force them into the streets – which is what we have done with our traders. We throw them into the streets, to the pasar malams, the treasures of our societies are thrown into the streets, and we put the bankers in palaces. We are doing the opposite of what Umar ibn al-Khattab was saying. He said that the traders were his guests, and the Muslims put them in palaces; the usurers were thrown into the streets, and chased out of the city.

So Allah subhanahu wa ta'ala says, "Halallahu baya wa haram al riba," - Allah has permitted trade and forbidden usury – and we have done the opposite of that, we have forbidden trading, and permitted usury, in the name of a rationale that is completely irrational. This is why the academics have to make the break, why you have to break the prison of economics and start re-thinking the whole matter once more, in different terms. This is what this seminar is intended to initiate.

So the caravans and real trading can only reappear once the institution of the market is brought back; otherwise what you have instead is not trading, it is what we call monopolistic distribution. Tesco, controlling the retailing, will naturally control the distribution, and will therefore monopolise the production. So now today you have Tesco brand nappies, Tesco toothpaste, Tesco everything. Now they are in charge. It is a system that is not trading at all. It does not matter what the World Trading Organisation keeps insisting about what they call trading. This is not trading in our eyes. It is the World Monopolistic Distribution Organisation. That is not trading, trading is something else. For trading to exist, we will have to create networks of open markets.

When Necmetin Erbakan was in power in Turkey, for that short period, we were making the first prototype of an Islamic Market for Turkey, and I hope very soon we will be doing the same thing here. We created a project called 'The 25 Open Markets of Europe', which would have been the largest open distribution network in Europe, which would allow any producer, from anywhere in the world, to be able to sell directly to the end consumer in Switzerland, with no intermediary, unless they decide to appoint one. They will be able to bring their products directly to market. What happens today is that the lowering of tariffs and the lowering of conditions and restrictions regarding trading that are promoted by the WTO does not help trading. It only helps the monopolised

distribution. Do you see the difference? As long as the domestic retailing is controlled by the few, you cannot speak about real trading. You are only allowing them to move faster, to be more efficient, to expand their distribution networks. This is not trading. For trading to return we have to bring back the markets.

If you go to Sainsbury's in Britain today, you will find Israeli oranges. It does not matter that Moroccan oranges are cheaper and better and tastier. The owner of Sainsbury's is a Jew, so he is going to decide what he likes. There is no opening at that end of the market, there is simply distribution. Trading will mean an open market in London that everyone has access to; that was the original idea. The Muslims were masters of this. We are people of trading. The Rasool, *salla'llahu alayhi wasalam*, said that nine tenths of provision comes from trading. This is like saying that nine-tenths of wealth comes from trading. If you admit that we have allowed trading to be abolished, we have taken nine-tenths of our wealth away, and the remaining tenth we have handed over to the usurers. So we are in this intolerable position, as if we are strangling ourselves with our own hands. You can see it in society, with this process of indiscriminate industrialisation, the *wawasan duopolo duopolo*, we are simply importing part of the sickness of the industrial world without discrimination. There are aspects of technology and industry that we can use, but a certain discrimination has to be used, we have to be able to identify and prevent certain errors that have been committed over there. And one of the key aspects of the matter is the market place.

So, this key matter of Islamic trading involves trading through open markets. There is much more to be said on this subject, but this is the basic foundation.

In defining the world of Islamic Trading we will find certain key features, and one of them is the money itself; that is the Dinar, with its electronic version, e-Dinar. So you have the Dinar in your pocket and then you have the electronic version for the payment system; and for this we have created e-Dinar, which is the first alternative to the banking system in 300 years. It is not a bank, because we are not mixing money with credit. We separate these two things. And we are frankly better than the banking system, because we can make a transaction using e-Dinar at a maximum cost of 50 cents US. You can transfer one million dollars worth of gold from Kuala Lumpur to New York for 50 cents. And this can be done in just three seconds – not three days, three seconds. So we are not just an alternative to the banking system, we are better, and we are not part of their system. This is based on Dinar and Dirham, not paper currencies, so there are benefits upon benefits.

The second feature that we identify is the idea of the market, which also has its e-market equivalent which can easily be integrated with the e-Dinar payment system. There is still another key element which is the aspect of investment. When we look at gold today, people ask, 'What do we do with gold? We just keep it in the vaults and it has nowhere to go, it is simply out of the economy.' There is no investment formula, that is the problem. Well, there is a formula, and again, all you have to ask is how did we solve this problem in the past, and then you realise that the key formula for investment is *qirad* or *mudaraba*.

I must ask you to please forget everything you have heard about *mudaraba* from the Islamic banks. They have taken this form of contract, they have stretched it, twisted it out of shape in order to fit it into the banking system, and have produced this extraordinary new contract that is totally unrecognisable. It is something else altogether. If you just look at the original *qirad* contract for what it is, you will find something absolutely beautiful, and extraordinarily useful; but it is not part of banking. There are three conditions in a *qirad*; number one, there is no collateral, so the money is lent/invested without collateral, the trader does not have to put up collateral; there is no equity, and there is no time frame, so all the primary conditions of banking are absent right from the start.

Unfortunately, the Islamic banks and the modernists have 'Islamised' everything, so that the original contract is totally unrecognisable. They went almost crazy trying to Islamise everything, as if they perceived that Islam was some sort of marketing tool. They defined Islamic investment as having no alcohol and no pork, so automatically NASDAQ becomes Islamised, because it is for technology stocks so they do not deal with these things, and therefore it is halal. So then we find that 120 billion dollars worth of investment which is considered Islamic is 90% denominated in US dollars, and is 90% invested in NASDAQ and the western stock exchanges. So the very money that we need for our development, we send back to them. And this process is considered Islamic. It is really

unbelievable, but this is the current way of explaining and doing things. This is nonsense and unacceptable.

A true qirad contracts really reverses the whole affair; qirad is for trading, it is the investment formula for trading. You have an investor and a trader. The trader does not have collateral, nor equity, there is no time frame, so how do you rate this, how do you assess the qualities of this trader. This was done in the past based on two different aspects relating to his reputation and his performance. There is a social aspect based on how someone is seen in his society, his Jama'at, his grouping. If he was known and trusted then this is clear and is in his favour. If there is no one who can say that they trust someone, then he is immediately suspect, and seen by us as an outcast, someone devious. The social references were a key aspect in undertaking a qirad. The Rasool, *salla'llahu alayhi wa salam*, was an agent, Khadija invested money with him, he was known as 'al-Amin', people trusted him. That had value and importance in our society. The traders were important in our society. Why do I need to know what happened with the NASDAQ yesterday afternoon? You are bombarded with it through the television, whichever channel you are on, the New York stock exchange is there. Who cares? Most of us do not have shares there, we are never going to have shares there. And how about the people in the Kampung? Why should these people be presented with these magical figures, it is almost like a religion, the stock prices on NASDAQ and New York.

Instead, in our societies, what was relevant in terms of business was the lives of our traders. These people are jewels, treasures, that exist in our communities, and we give them no value, they are in the dark. Part of qirad is to bring these individuals into the spotlight, to highlight their achievements. The trader is also seen as an individual performer, so you may have all the excellent references of your community, but you may not be a good trader, so the trading track record is also presented as part of your profile. This can be easily done; a person may have done twenty qirad transactions, the first one gave a 20% return, the second 15%, the next 25% etc. In this way it is possible to rate the trading performance of the individuals and give enough information to encourage the investors to invest with them. And by diversifying and through other methods of managing risk, you can have a system whereby the money, instead of going to New York, is invested in our people, in a sector of the economy which is trading, which is the one which we want to activate.

So you have Dinars, markets and qirad. These three dynamic elements enhance trading, and they create a synergy; the more markets you create, the more opportunities you will create for people who want to trade. Some people, lets say producers in Kelantan or Bandung, may not have the resources to go to Europe, but that is why you have the traders. And how do you finance the traders? Qirad. And you finance it with one currency which is identical throughout the world, the Dinar. This system works.

We have called this system the Core Mechanism of an Islamic Trading Bloc. This is the minimum set-up that will guarantee the growth of the Islamic Dinar economy. It will generate a new economy, a new wealth in which the possibilities for the Dinar can expand. We can do this system in parallel to the speculative economy, without having to compete with it. As Dr Mahathir said, let there be two systems and let people choose. We do not want to legislate the Dinar, we want to offer it as a service; we want to present the e-Dinar to the world in the same way Visa and MasterCard were presented to us, they did not come out of a political consensus. At a certain point they were even seen as dubious almost illegal instruments, if you remember, in the early days, the only way people could get money out of their country was through the credit card. They allowed people to bypass certain regulations, and yet they are now well established they have become currency, and in their own publicity MasterCard now call themselves world currency.

We will make e-Dinar the currency of the world, and the Islamic Dinar, the currency of Umar Ibn al-Khattab, and we will present it as a service, and bring it forward. And most importantly let us revitalise that bottom part of society that most needs help, that real economy of the traders. That is why I said to Dr Mahathir, "The most expensive thing for the poor is the US dollar." The Dinar is to help them, Islamic trading is to help them. What we want to do is to industrialise these pasar malams, to give something to these people who have nothing, help them to grow, give them a decent place to trade in, with the kind of facilities that are expected of any small business today, storage, with modern facilities for vegetables and fresh produce, cold storage facilities, secure storage areas, exchange facilities, fax, and secretarial services. And most importantly, a place where they can come into contact with other foreign traders, because this is how you will stimulate

all the new possibilities for trade, you will stimulate their imaginations. We will create new entrepreneurs, and we can increase their productivity three or four fold in the shortest time. They are the people who should matter to us, and we must start evaluating wealth in terms that truly reflect the welfare of these people rather than just increasing the paper value of certain financial services.

At the core of the matter are the academics, the people who are teaching these affairs. You have a responsibility. We cannot continue with this farce of using their terminology, their system, using their logic, and pretend everything is OK. No, everything is not OK. It does not work. Is there any other way of thinking about this matter? Of course there is! How could there not be! Who has suggested that the way of thinking of Mr Friedman is the only possible way of thinking about wealth and prosperity? Of course there are other ways. And we, particularly the Muslims, are the only people who have the resources and the human constituency, the largest in the world, and the cultural background and the great religion with the solutions that the world desperately needs.

This will be the means by which the Muslims will again become the leaders of the world. This is what Allah, subhanahu wa ta'ala asks of us, He has given us orders for this. The kuffar cannot do it, they have not been given the permission for this. They do not have the tools nor the understanding. The Muslims have both. And that is why we have to present this to them. Remember, the appeal of the Dinar and the e-Dinar is not an just for the Muslims, there are more non-Muslims using the system so far. There is more awareness about the fragility of the dollar among the non-Muslims. The Muslims seem to be the last ones to come to realise the enormous difficulties in which the dollar is placed today. It may be that the Chinese in this country will accept the Dinar faster than anyone else. The Islamic Party will probably be the last ones to understand this matter, this is probably the unfortunate reality about the times we are living in. That I can say because I have spoken to them many times about this matter and they do not understand. It is part of the drama of an Islam that for the past one hundred years has been hijacked by puritans. Islam was puritanised by all the modernists, starting with Muhammad Abdu, and al-Afghani, and then with these modernist movements of the Ikhwan al-Muslimeen and Jamaat al-Islamiyyah, which brought the whole deen of Islam into a stranglehold, in which the issues of sexual morality became the dominant factors, while the whole realm of political and economic matters were secularised. Then with a twist in the last part of the 20th Century when the whole idea of Islamisation emerged, which is really a hidden form of secularisation, but more perverse. Secularisation open, outrageously says that this is a secular affair, but the Islamisation programme came to say that this is actually the deen of Islam, and that is more dangerous.

So you can see that the Dinar is not just a coin, it goes deep into our understanding of economics, and also our understanding of Islam. It brings about a change of attitude, a new way of looking at things, where we are at the centre of things, we do not need to Islamise things, we do not have to copy the kuffar, we have our own models and we want to implement them. The Prime Minister has shown great courage in opening a way for the Islamic Dinar and he deserves your co-operation and support. This cannot be done without your collaboration. He needs your intellectual courage, you will have to go against the current of the discourse that you were trained in. But intellectual courage is what we are intellectuals for, why we have a brain, and it is a responsibility that we have to the rest of society, because we are capable of leading and looking at the matter in another way, and examining things. We cannot ask the people in the Kampongs to do this exercise for you. You have to do it. Among you I am sure that there will be those who would like to come more deeply into this affair, and I am here to help and support you and to open some doors to a new understanding of this affair.

We are hands on, we are not waiting for new legislation to come for the Dinar. We are doing it. The physical Dinar exists, and it will soon be minted here, e-Dinar is already working. We are moving on, creating new horizons. My message to you and my final word to you is to rally together around this idea, and I hope that among you there will be a new trend of thinking that will illuminate Malaysia and the rest of the world.

As salamu alaykum wa rahmatullah

<http://www.cislamic.a.org/comercioha.lal/dinardirham/documents/archgoldecon.html>

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