

Must Money Be Limited to Only Gold and Silver?: A Survey of *Fiqhi* Opinions and Some Implications⁽¹⁾

MUHAMMAD ASLAM HANEEF and EMAD RAFIQ BARAKAT
*Associate Professor, Department of Economics
International Islamic University Malaysia, and
Assistant Professor
Department of Islamic Economics and Banking
Yarmouk University, Jordan*

ABSTRACT. This paper attempts to provide a survey into the issue of money in Islam. Specifically, it looks at the views of Muslim scholars (primarily past *fiqh* scholars), on whether money has to be limited to gold and silver or not and discusses some implications of the findings of this brief survey on present day opinions. In this connection it discusses some general points on gold and silver as money, from a historical and 'contextual' perspective, followed by some points that are agreed upon by the majority of scholars. It also compares the views of scholars who take the position that only gold and silver can be used as money and the evidences given to support their stand with the views of those who do not limit money to only gold and silver, together with their evidences.

1. Introduction

The discussion of money is certainly as old as the economics discipline itself. Early definitions of the discipline were even focused on money/wealth while most measurements today in economics are based on some money value. In the years since the 1997/98 financial crisis, there has been a renewed interest in and perception popularised by some that the Islamic currency as sanctioned in the *shari'ah* is gold and silver.⁽²⁾ The crisis created renewed interest in the discussions and debates on money, the monetary system and even calls for a new international financial architecture. While

-
1. This is an expanded and revised version of a paper 'Gold and Silver as Money: A Preliminary Survey of *Fiqhi* Opinions and Some Implications' presented at the International Conference on Stable and Just Monetary System, held in Kuala Lumpur, August, 2002. The authors acknowledge the comments given before and during the Conference and by the editors of the Journal.
 2. See for example **Umar Ibrahim Vadillo**, *The Return of the Islamic Gold Dinar*, Madinah Press, Cape Town, 2002; see also papers presented at the *International Conference on Stable and Just Global Monetary System-Viability of the Islamic Dinar*, August 19-20, 2002, Kuala Lumpur.

initial interest in these areas has declined in the last two years, the discussion of gold and silver as money or backing money continues to take place among some. On the other hand, contemporary Islamic economic literature written since the 1970s seems to have implicitly accepted the existing monetary system based on fiat money.

While views on this issue are varied, there is general agreement that the present monetary system has led to instability and created various injustices, especially to the economies of developing countries. It gave a renewed life to the presumption made by some earlier scholars and popularized by others, that the present monetary system is not in line with Islam and should be replaced by a system where gold and silver is used as money. Others however feel using gold and silver may not necessarily be the solution nor is it required by the *shari'ah*. This paper attempts to provide a survey into the issue of money in Islam. Specifically, it looks at the views of Muslim scholars (primarily past *fiqh* scholars), on whether money has to be limited to gold and silver or not and discusses some implications of the findings of this brief survey on present day opinions.

2. Objectives and Outline of the Paper

This paper has the following modest objectives.

1. To present the *fiqh* views of Islamic scholars, mainly past scholars, on the issue of gold and silver as money.
2. To highlight the evidences put forward by the scholars to support their views.
3. To compare and contrast the views of the scholars.
4. To discuss certain implications of these views for further research.

Section 3 will discuss some general points on gold and silver as money, from a historical and 'contextual' perspective, followed by some points that are agreed upon by the majority of scholars. Section 4 presents the views of scholars who take the position that only gold and silver can be used as money and the evidences given to support their stand.

Section 5 gives the views of those who do not limit money to only gold and silver, together with their evidences, while section 6 discusses some issues and analyses possible implications of these two schools. Section 7 concludes.

One qualifying point that needs to be mentioned at this juncture is that this paper is written by two economists surveying generally secondary texts on the 'juristic' views of scholars, hence the limitations of cross-disciplinary studies. The discussion by economists, especially contemporary Islamic economists writing in the English language, rarely touch on the issue of gold and silver. Instead, most works seem to accept the fiat-money system, albeit with reservations. While early works of contemporary Islamic economists in the late 70s did attempt to bring in discussions on this issue, this has not produced any work, to the knowledge of the writers, surveying and analyzing the opinions among Muslim scholars on the subject, especially in the English language.⁽³⁾

3. See for example **Munawar Iqbal** and **M.Fahim Khan** (1981), *A Survey of Issues and a Programme for Research in Monetary and Fiscal Economics of Islam*, International Centre for Research in Islamic Economics, Jeddah; **Muhammad Ariff** (1982, ed.), *Monetary and Fiscal Economics of Islam*, ICRIE, Jeddah; M.N. Siddiqi (1983), *Issues in Islamic Banking*, Islamic Foundation, Leicester; **M.U. Chapra** (1985), *Towards a Just Monetary System*, Islamic Foundation, Leicester.

3. Views on Gold and Silver as Money: General Discussion and Points of Agreement

The discussion of money by Muslim scholars can be traced back to the earliest period of Muslim history. The discussion in that period focused on issues relating to the laws on *riba*, *zakah*, exchange, sales, loans, leasing etc. The scholars discussing these issues were not looking at them from a purely economic perspective and consisted of jurists, the scholars of *tafsir* and *hadith* as well as historians. According to al-Maqrizi, the issue of debasement of money (gold and silver) first occurred in the year 64 A.H.⁽⁴⁾ It would seem logical that the *fuqaha* ' of the time would have had their opinion on this issue.

When discussing the issue of money, it must also be kept in mind that the views of scholars were also influenced by the 'state of the monetary system' of their time. By this we mean that scholars writing in the early part of Muslim history were exposed to gold and silver as the main forms of money, although some limited amounts of copper based money (*fulus*) were in circulation. Therefore, one could conclude that other forms of money did not pose an issue or create economic problems then. For example, Ibn Taymiyyah (d. 728 A.H) accepted *fulus* as money at a time when it was not used as the major form of money.⁽⁵⁾ He says: "The authority should mint the '*fulus*' coins (other than gold and silver) according to the just value of people's transactions, without any injustice to them".⁽⁶⁾ Ibn al-Qayyim (d. 751 AH), a disciple of Ibn Taymiyyah followed his teacher in this regard⁽⁷⁾ and did not limit money to one item. Hence, the problem of inflation during their time could be solved by changing the debased type of *fulus* with one of better quality.⁽⁸⁾

However, as economic activity progressed and the use of copper based money became more prevalent, for example in the time of the Circassian Mamluks (after 784AH/ 1382AD), scholars were increasingly faced with problems associated with the *extensive use* of copper based money. For example, Ibn Khaldun (d 808 A.H) and his disciple al-Maqrizi (d. 845 A.H), confined money to only "the two mineral stones" gold and silver.⁽⁹⁾ Al-Maqrizi says: "...the currency that has been used to determine prices of goods and cost of labor consists only of gold and silver".⁽¹⁰⁾

-
4. **Taqi al-Din Ahmad ibn Ali, Al-Maqrizi**, *Igathah al-Ummah bi-Kashf al-Ghummah*, Maktabah al-Thaqafah al-Diniyyah, Bur Sa'id, 2000, p 84. Al-Maqrizi states " It is said that the first to have debased dirhams and minted them adulterated and of mediocre alloy was 'Ubayd Allah ibn Ziyad, when he escaped from Basrah in the year 64/683-84." See **Adel Allouche**, *Mamluk Economics- A Study and Translation of Al-Maqrizi 's Igathah*, University of Utah Press, 1994. p 65.
 5. **Ibn Taymiyyah**, Shaykh al-Islam Taqi al-Din Ahmad ibn 'Abd al-Halim, *Majmu ' Fatawa Shaykh al-Islam Ibn Taymiyyah*, Dar al-Kutub al-'Ilmiyyah, Beirut, 1987, vol.19, pp. 249-252.
 6. **Abdul Azim Islahi**, *Economic Concepts of Ibn Taimiyah*, The Islamic Foundation, Leicester, U.K., 1988/1408H, p. 141.
 7. **Shams al-Din Abi 'Abd al-Allah, Ibn al-Qayyim**, *I'lam al-Muwaqqi 'in 'an Rabb al-'Alamin*, Dar al-Jil, Beirut, vol. 2, p. 156.(n.d.).
 8. This event occurs in the year 724 A.H. in Cairo. Al-Maqrizi in his book *al-Suluk* gives a detailed description of the crisis faced and the policy of introducing the new type of *fulus* by the state. See, **Emad Rafiq Barakat** '*Fi al-Fikr al-Iqtisadi 'inda al-Maqrizi: al-Azmat al-Iqtisadiyyah*', Ph.D thesis, International Islamic University Malaysia, Kuala Lumpur, 2002, p 58-60.
 9. See **Ibn Khaldun**, *Muqaddimah Ibn Khaldun*, Dar al-Fikr, Beirut, T2 1988, p.831 and Nedjah Abdelhakim, '*A Comparative Study of the Economic Thought of Ibn Khaldun and Ibn Taymiyyah and Its Relevance to Conventional Economic Thought*', Masters Thesis, International Islamic University Malaysia, Kuala Lumpur, 2000, p. 88-89.
 10. **Adel Allouche**, *A Study and Translation of al-Maqrizi 's Igathah* p.55.

Al-Maqrizi identifies the extensive use of *fulus* as one of the main reasons for the economic crisis in the year (806 A.H).⁽¹¹⁾ This predominant use of *fulus* and its adverse effects on the economy could explain why al-Maqrizi took the opinion of limiting money to only gold and silver for ‘major purposes/expenditures while accepting the use of *fulus* in small quantities. Since the economic and financial realities of their times saw changes in the type of dominant money used, greater attention was paid to the issue of money.

One could even find special treatises on money being written by scholars to address the issue. In addition to al-Maqrizi, one can also find the writings of al-Suyuti (d. 911 A.H), al-Tumurtashi (d. 1004 A.H) and Ibn ‘Abidin (d. 1252 A.H).⁽¹²⁾

There are generally two schools of thought in Islamic scholarship on what can be money:⁽¹³⁾

- Views that limit money to only gold and silver.
- Views that do not limit money to only gold and silver.

In both of these schools, one can find scholars from the past as well as from the present. It must be kept in mind that the scholars of the past, especially before copper based money became widely used, for example Abu Hanifah, did not state directly that only gold and silver can be used as money. Later scholars who support either view, base their position on their interpretation of certain writings of earlier scholars.

As an example, later scholars who give their opinion supporting the view that only gold and silver can be used as money, seem to have made their own *ijtihad* (intellectual assertion) based on their interpretation of the opinion of Abu Hanifah. These scholars would claim that since Abu Hanifah and Abu Yusuf did not view *riba* as possible on copper money,⁽¹⁴⁾ it means that Abu Hanifah limited money to only gold and silver. On the other hand, later scholars who do not limit money to only gold and silver would make their *ijtihad* on the view of al-Shaybani, who disagreed with the view of his teacher Abu Hanifah and his contemporary Abu Yusuf, and he was of the opinion that *riba* is possible on copper money, hence money need not be limited to gold and silver⁽¹⁵⁾ (based on his view that the causation (*illah*) of *riba* on money is not limited to gold and silver but on *anything that is accepted as money*). We could find similar cases of difference of opinion involving the other schools of jurisprudence.⁽¹⁶⁾

11. See Adel Allouche, *A Study and Translation of al-Maqrizi's Iqathah*, p 70-71.

12. Jalal al-Din ‘Abd al-Rahman Al-Suyuti (d. 911 A.H), in his treatise titled *Qat'a al-Mujadalah 'inda Taghayyur al-Mu'amalah*, al-Tumurtashi, Muhammad ibn Abd Allah ibn Ahmad (d. 1004 A.H), in his treatise titled *Badhl al-Majhud Fi Mas'alah Taghayyur al-Nuqud* and Ibn ‘Abidin, Muhammad Amin (d. 1252 A.H), in his treatise titled *Tanbih al-Ruqud 'an Masail al-Nuqud*. See Daud, Hail ‘Abd al-Hafiz, *Taghayyur al-Qimah al-Shira'iyyah Li al-Nuqud al-Waraqiyah*, Al-Ma'had al-'Alami Li al-Fikr al-Islami, *Dirasat Fi al-Iqtisad al-Islami*, 35, 1999, pp. 12-17.

13. Hail, *Taghayyur*, p.121, Ahmad Hasan, *al-Awraq al-Naqdiyah Fi al-Iqtisad al-Islami Qimatuha wa Ahkamuha*, Dar al-Fikr, Dimashq, 1999, pp. 165-200.

14. ‘Ala’ al-Din Abu Bakr ibn Mas‘ud, Al-Kasani, *Bada'i' al-Sana'i' fi Tartib al-Sharai'*, Dar al-Kitab al-'Arabi, Beirut, 1982, vol. 5, p. 185; Abu Bakr Muhammad ibn Ahmad, Al-Sarakhsi *Kitab al-Mabsut*, Dar al-Marifah, Beirut, 1986, vol. 22, p. 21.

15. Al-Sarakhsi, *al-Mabsut*, vol. 22, p. 21.

16. Hail, *Taghayyur*, pp. 128-131; Muhammad Taqi, Al-'Uthmani *Buhuth Fi Qadaya Fiqhiyyah Muasirah*, Dar al-Qalam, Dimashq, 1st Edition, 1998, pp. 162-164; Muhammad Sulaiman, Al-Ashqar *Buhuth Fiqhiyyah fi Qadaya 'Iqtisadiyyah Mu'asirah*, Dar al-Nafis, Jordon, 1998, pp. 280-283.

At present, there is a renewed interest among scholars to discuss the issue of money from Islamic perspectives. Besides conferences and meetings, there are also international *fiqh* councils established by international Muslim bodies that have discussed this issue.

3.1 General Agreement among Scholars

Before we discuss the two schools, it is appropriate to first highlight certain common bases held by the *Jumhur* (majority).⁽¹⁷⁾

- Protection of wealth (*mal*) is one of the items in promoting human welfare, which is the overall objective of the *shari'ah*. Scholars agree that money is one type of wealth.
- There is a clear preference in the *shari'ah* for the use of money in economic transactions rather than barter trade.
- The acceptance of gold and silver as money is by their own nature.
- Prophet Muhammad (peace be upon him) approved gold and silver as money.
- Gold and silver are relatively stable compared to other forms of money.
- It is the state responsibility to mint, regulate and supply gold and silver.
- Money is seen as a medium of exchange and measure of value rather than a commodity in itself.
- The *'illah* of *riba* in money is due to its function as a measure of value and medium of exchange (*thamaniyyah*), although the Hanafi (and the Imamiyyah and the Zaydiyyah Shi'i sects) scholars see the *'illah* to be the weight (*wazn*) of gold and silver. Contemporary scholars have now also tried to reconcile this divergence and to show that even if you take the latter view, the *'illah* can still be the former.⁽¹⁸⁾ As far as the Zahiri school is concerned, they do not look for *'illah*, since they adopt a more literalist view of the *nass*.⁽¹⁹⁾

4. Views of Those Who Limit Money to Gold and Silver

Scholars in this group do not consider *fulus* or any other item to be money as this is reserved for only gold and silver. Hence, all *ahkam* (rules) on money relating to *riba* and *sarf* (exchange) is limited to gold and silver while *fulus* come under the category of *ahkam* on 'wealth other than money' (*'urud*). They do not see *riba* as being possible on *fulus*. In addition, except for the Hanafi position, all others also see the *'illah* of *riba* to be limited to gold and silver only.

17. See for example **Taqi Al-Din Ahmad ibn 'Ali, Al-Maqrizi**, *al-Nuqud al-Islamiyyah al-Musamma' Shudhur al-'Uqud fi-Dhikr al-Nuqud*, al-Maktabah al-Haydariyyah, al-Najaf, 1967, p. 70-74; **Hail**, *Taghayyur*, p. 96; **Al-Ashqar**, *Buhuth*, p. 271; Barakat, *Fi al-Fikr al-Iqtisadi*, p. 173.

18. **Muhammad Ramiz, Al-'Azizi**, *Tahrim al-Riba Fi al-Islam wa al-Diyanah al-Yahudiyyah wa al-Masihiyyah*, Dar al-Furqan, Amman, 1st edition 2004, pp. 244-276; **Ali Ahmad, Al-Salus**, *Istibdal al-Nuqud wa al-Umlat*, Maktabah al-Falah, al-Kuwait, al-Tab'ah al-Ula, 1985, p. 192.

19. **Al-Salus**, *Istibdal*, p 133-135; **Hail**, *Taghayyur*, p. 113-120.

In this group we include Hanafi scholars Abu Hanifah and Abu Yusuf; past Maliki scholars such as Ibn Nafi', al-Adawi and Shaykh 'Alish, Mufti of the Maliki *madhhab* (school) in Egypt (who did not consider paper money as being 'real' money, hence *ahkam al-riba* and *al-zakah* cannot be applied to it),⁽²⁰⁾ Shafi'i scholars such as al-Ghazali,⁽²¹⁾ al-Nawawi, al-Suyuti and al-Maqrizi;⁽²²⁾ One of the two Hanbali schools; the views of some *tabi'in* (Followers) such as Mujahid and Nakha'i.⁽²³⁾

In addition to the above, we can find some contemporary scholars who limited money to only gold and silver such as Shaykh Ahmad al-Khatib,⁽²⁴⁾ Shaykh 'Abd al-Rahman al-Sa'di (d.1376A.H),⁽²⁵⁾ Ibn Badran,⁽²⁶⁾ Ahmad al-Husayni (d.1332/1914),⁽²⁷⁾ Shaykh al-Muti',⁽²⁸⁾ Shaykh Muhammad Amin al-Shanqiti (d.1393A.H),⁽²⁹⁾ Taqi al-Din al-Nabahani,⁽³⁰⁾ Muhammad Baqir al-Sadr,⁽³¹⁾ Muhammad Makhluq,⁽³²⁾ Hassan Ayyub⁽³³⁾ and Nasir Farid Wasil.⁽³⁴⁾

4.1 The Evidence Supporting this View

1. *Sunnah Taqririyah* i.e. the Prophet approved the use of gold and silver in Makkah and Madinah. This according to their view makes gold and silver as money '*hukm shar'i*' and hence, only gold and silver can be used as money.⁽³⁵⁾

2. *Mu'amalah* and *ibadah maliyyah* is based on gold and silver. For example, calculation of *zakah* on money is based on gold and silver. Also *diyah* or blood money, *hadd al-sariqah* (theft punishment) and exchange transactions are based on gold and silver calculations.⁽³⁶⁾

3. Verses in al-Qur'an indicate that gold and silver are to be used as money. For example, *al-Tawbah*: 34 prohibits the hoarding of gold and silver which indicates that

-
20. Mahmud, Al-Khalidi, *Zakah al-Nuqud al-Waraqiyah al-Mu'asirah*, Al-Risalah Publishers, Amman, 1985 pp. 31-41; Ahmad Hasan, *al-Awraq al-Naqdiyyah*, p.180.
21. Abu Hamid, Al-Ghazali, *Ihya' 'Ulum al-Din*, Dar al-Kutub al-'Ilmiyyah, Beirut, vol. 2, p. 84; Yaser Abd-al-Kareem Al-Hurani *al-Fikr al-Iqtisadi 'inda al-Imam al-Ghazali*, Majdalawi, Amman, 2003, p. 220.
22. Al-Maqrizi states "... the currency that has been used to determine prices of goods and cost of labor consists only of gold and silver" Adel Allouche, *A Study and Translation of Al-Maqrizi's Iqathah*, p.55.
23. For more details see: Abd Allah ibn Sulayman, Al-Mani', *al-Waraq al-Naqdi, Tarikhuhu, Haqiqatuhu, Qimatuhu, Hukmuhu*, 2nd edition 1984-1404, p65-78; Al-Khalidi, *Zakah al-Nuqud*, pp.31-39; Hail, *Taghayyur*, pp.128-132; Hasan, Ahmad, *al-Awraq al-Naqdiyyah Fi al-Iqtisad al-Islami Qimatuha wa Ahkamuha*, Dar al-Fikr, Dimashq, 1999, pp. 165-200.
24. In his treatise titled '*Iqna' al-Nufus bi Ilhaq Awraq al-Anwat bi-Umlah al-Fulus*' quoted in Al-Mani', *al-Waraq al-Naqdi*, p. 65.
25. *al-Mani'*; *al-Waraq al-Naqdi*, p. 66.
26. Hail, *Taghayyur* 1, p. 151.
27. In his book titled *Bahjah al-Mushtaq fi Hukm Zakah al-Awraq* quoted in Ahmad Hasan, *al-Awraq al-Naqdiyyah*, p. 166.
28. Hail, *Taghayyur*, p. 150.
29. Ahmad Hasan, *al-Awraq al-Naqdiyyah*, p.166.
30. Taqi al-Din Al-Nabahani, *al-Nizam al-Iqtisadi fi al-Islam*, 2nd edition 1952, pp. 222-223.
31. Muhammad Baqir Al-Sadr, *al-Bank al-Laribawi fi al-Islam*, Dar al-Ta'aruf, Beirut 1990, p. 173.
32. Al-Khalidi, *Zakah al-Nuqud*, p. 35.
33. Al-Salus, *Istibdal*, p. 55-56.
34. Hail, *Taghayyur*, p. 152.
35. Al-Maqrizi, *al-Nuqud*, p 6; Al-Nabahani, *al-Nizam al-Iqtisadi*, p. 221.
36. Al-Maqrizi, *al-Nuqud*, p. 6. Hail, *Taghayyur*, p.133. Al-Nabahani, *al-Nizam al-Iqtisadi*, p. 221, Al-Khalidi, *Zakah al-Nuqud*, p. 41.

gold and silver function as money; *Al-Imran*: 75, 91 showing the function of gold as a store/measure of value; *Yusuf*: 20 indicating silver as a measure of value and medium of exchange; *al-Kahf*: 20 where silver is used as a medium of exchange.⁽³⁷⁾

4. *Ijma' al-Sahabah* (consensus of the companions of the Prophet) for example the guided caliphs (*al-khulafa' al-rashidin*) also accepted gold and silver as money.⁽³⁸⁾

5. Gold and silver are money by nature.⁽³⁹⁾

6. There is a *hadith* reported in *Ibn Majah* which prohibits the destruction of the monetary system of Muslims (interpreted as gold and silver).⁽⁴⁰⁾

7. *Shafi'i* and *Maliki* scholars limit the 'illah of *thamaniyyah* only to gold and silver, so other things cannot be money.⁽⁴¹⁾

8. The fact that gold and silver are prohibited for certain other uses like ornaments for men indicate that its function is to be primarily as money.⁽⁴²⁾

9. In order to achieve justice (an objective of *al-shari'ah*) in the monetary system, you need a stable measure of value and since gold and silver are relatively stable, they must be used as money.⁽⁴³⁾

10. *Zakah* is imposed on gold and silver in whatever form and use (except some limited amounts for jewellery). In addition, hoarding of gold and silver (*iktinaz*) is also prohibited. The idea here is to keep gold and silver in circulation, hence, gold and silver perform the function of money.⁽⁴⁴⁾

11. Although *fulus* may have been used in a very limited amount during the time of the Prophet, peace be upon him,⁽⁴⁵⁾ there is no *hadith* on *riba* applied to *fulus*. Also one cannot find a *hadith* which imposes *zakah* on *fulus*.⁽⁴⁶⁾

5. Views of those Who Do Not Limit Money to Gold and Silver

Scholars in this group generally accept *fulus* (and one can extend this to paper/ fiat money in the contemporary setting) as money since they view the 'illah on *riba* not to be limited to gold and silver only, *but to anything that is acceptable in society as money*.

In this group we include⁽⁴⁷⁾ Hanafi scholars such as al-Shaybani; Maliki scholars such as al-Hattab and al-Wansharisi;⁽⁴⁸⁾ some Shafi'i scholars; Hanbali scholars

37. Hail, *Taghayyur*, p.132; Al-Khalidi, *Zakah al-Nuqud*, p. 40.

38. Al-Maqrizi, *al-Nuqud*, p. 7.

39. Hail, *Tahayyur*, p. 96.

40. 'Abd al-Baqi, Muhammad Fu'ad (ed.), *Sunan Ibn Majah*, Dar Ihya' al-Kutub al-Arabiyyah, na, nd, vol. 3, p. 67. see also, <http://www.sonn.com/Hadith.aspx?Type=S&HadithID=20986>.

41. Al-Salus, *Istibdal*, p. 134

42. Al-Ashqar, *Buhuth*, p. 267.

43. Rafiq, al-Masri, *Lamhat 'an al-Nuqud fi al-Islam, Qira'at fi al-Iqtisad al-Islami*, Economics Faculty, King Abdul Aziz University, Jeddah, T1, 1987, p. 221.

44. Al-Ashqar, *Buhuth*, p 267; Al-Khalidi, *Zakah al-Nuqud*, p. 42.

45. see, Muslim ibn al-Hajjaj, *Sahih Muslim*, Beirut, Dar al-Ma'rifah, 1970. Vol. 4, p.1997. see also, <http://www.alazhr.org/Al-Sonna/Default.asp?Lang=a&ViewNo=&Action=View&Doc=Doc2&n=7962>.

46. Al-Ashqar, *Buhuth*, p, 268.

47. For more details see: Ahmad Hasan, *al-Awraq al-Naqdiyyah*, pp. 166-200; Al-Khalidi, *Zakah al-Nuqud* p. 31; Hail, *Taghayyur*, pp. 128-132.

including Ibn Taymiyyah and Ibn Qayyim; the Zahiri scholar Ibn Hazm; *Tabi'un* such as Laith ibn Sa'ad and Al-Zuhri and the Majority of contemporary scholars including Yusuf al-Qaradawi,⁽⁴⁹⁾ Muhammad Taqi Usmani, 'Abd Allah Sulayman al-Mani',⁽⁵⁰⁾ as well as the views of Contemporary Fiqh Councils in the Muslim world.⁽⁵¹⁾

5.1 The Evidence Supporting this View

1. Although *sunnah taqririyyah* supports the view of gold and silver as money, it cannot be interpreted to limit money to *only* gold and silver.

2. Example of Khalifah Umar ibn al-Khattab wanting to use leather from camels for money but was disagreed by the *sahabah*.⁽⁵²⁾ Two points to note. Firstly, the fact that Umar wanted to do this, seems to indicate that he thought it was acceptable. Secondly, the reason for disagreement by the *sahabah* was not that it could not be done but that it would create a shortage of camels. Thus money does not have to be limited to gold and silver.

3. Principle of *ibahah*, i.e. everything is permissible unless there is a prohibition found in al-Qur'an and/or sunnah. Since there is no prohibition for the use of other than gold and silver as money, it is acceptable.⁽⁵³⁾

4. The issues relating to money fall under the category of *al-masalih al-mursalah* and authority is given to scholars to determine the type of money based on the sources of *al-shari'ah*. For example, the first Caliph to mint 'standard Islamic money' was Abd al-Malik ibn Marwan in the year 76 AH (d. 86 AH). Before this, although gold and silver was used as money, it was not minted by the Islamic rulers. This means that money is an issue that is left to the authorities to decide based on the welfare of society.⁽⁵⁴⁾

5. Convention/customs should be evaluated by their meaning. The meaning of money is to be seen in its function as a medium of exchange and measure of value. It does not have to be limited to gold and silver.⁽⁵⁵⁾

6. Purpose of *al-shari'ah* is to remove hardship. There is a possibility of hardship if money is restricted to only gold and silver due to limited supply to fulfill contemporary economic and financial needs. Thus it may be possible to use other than gold and silver.⁽⁵⁶⁾

7. Accepting other than gold and silver i.e. fiat money that is in practice now, will facilitate continuance in observing *shari'ah* obligation such as paying *zakah* and avoiding *riba*,⁽⁵⁷⁾ If only gold and silver are seen as money, people may stop paying

48. Ibn Rusd (himself a Maliki) in his book '*Al-Bayan wa al-Tahsil*' states that Imam Malik also did not limit the '*illah* of *riba* on money to only gold and silver. See **Hail**, *Taghayyur*, p. 140.

49. **Yusuf, Al-Qaradawi**, *Fiqh al-Zakah Dirasah Muqaranah li-Ahkamuha wa Falsafatuha fi Daw' al-Qur'an wa al-Sunnah*, Mu'assasah al-Risalah, Beirut, 1993, 1413. vol. 1. p. 275.

50. **Al-Mani'**, *al-Waraq al-Naqdi*, p. 126-127.

51. Decision of *Majma' al-Fiqh al-Islami* in their 5th Session', see **Ahmad Hasan**, *al-Awraq al-Naqdiyyah*, p. 221-213.

52. **Hail** *Taghayyur*, p. 145.

53. *ibid*, p. 142.

54. *ibid*, p. 143.

55. *ibid*, p. 143.

56. **Al-Khalidi**, *Zakah al-Nuqud*, pp. 81-83; **Hail**, *Taghayyur*, p. 144.

57. Derived from the *fiqh* maxim 'Any means to fulfilling an obligation, is also an obligation'.

zakah on their money wealth and may also get involved in *riba* since these items will not be seen as constituting ‘money’⁽⁵⁸⁾

8. *Illah of thamaniyyah* is not limited to gold and silver but is absolute, i.e. for money in general (supported by Ibn Taymiyyah).⁽⁵⁹⁾

There are two other evidences (no. 2 and 3) given by the first group that are not directly refuted by the second. However we could argue that although *zakah* on money is calculated based on gold and silver, and although there is a verse of al-Qur’an that prohibits the hoarding of gold and silver, the second group could argue that these do not support limiting money to *only* gold and silver.

6. Issues and Analyses of the Two Schools - Implications For Further Research

6.1 Is the Use of Gold and Silver Obligatory?

The first group says yes and seems to be supporting their view more from the early history of Muslims especially the actual practice during the Prophet’s time. They also take a view that based on their understanding of the evidences, gold and silver as money is *hukm shar’i* i.e. money must only be gold and silver.

The second group does not reject gold and silver as money. However, they do not interpret the evidences as limiting money to only gold and silver. Also, based on general principles of legal maxims (*qawa’id fiqhiyyah*) such as ‘the lifting of hardship’ and ‘the principle of *ibahah*’, they are of the opinion that it would not be beneficial to see money limited to only gold and silver. Therefore, gold and silver as money is acceptable but not obligatory. It is possible to accept other forms of money.

In attempts to develop Islamic perspectives to money and monetary systems, it is very important that Islamic economists do not lose sight of these two alternative views. It would not be strategically advantageous to limit the options to only one. It would be more meaningful to develop coherent ‘systems’ based on one view, without necessarily dismissing the other view outright. Even within conventional economics, many alternatives to the present fiat money system have been put forward that are not limited to gold and silver.⁽⁶⁰⁾ The central argument common to many of the alternatives put forward is opposition to the idea of seigniorage as well as the ability of banks (and their owners) to ‘create money’ out of nothing. This issue needs more serious attention.

6.2 Will Gold and Silver Create Greater Stability?

The first group is generally supported by the stability argument i.e. gold and silver are relatively more stable than other commodities or for that matter even the fiat money system (despite possible fluctuations in the gold and silver markets). Also, according to al-Maqrizi, from a historical point of view, while there were economic crisis during the

58. Al-Khalidi, *Zakah al-Nuqud*, p. 78.

59. *ibid*, p. 53.

60. See for example Lietaer Bernard and Nerb Gernot, ‘Terra: A Countercyclical Reference Currency to Stabilize the Business Cycle’, paper presented at the *International Conference on Stable and Just Monetary System, Kuala Lumpur*, August 2002, where the authors talked about the terra, a ‘global reference currency’ based on a standard basket of the most important international commodities and services. See also the former’s *The Future of Money*, London, 2001.

period where gold and silver were used as money, the causes were very much ‘real’ factors. It was only with the introduction of *fulus*’ (copper based money) that created new kinds of instability and inflation where the causes were mainly monetary phenomenon (due to debasement of currency).⁽⁶¹⁾

While gold and silver are inherently more stable, they do not guarantee stability. There is a need to also focus on proper monetary management. It is possible to have a gold and silver based system but through bad management, to have instability. It is also possible to have a fiat-money system but via good management, to have stability. The problems during the times preceding al-Maqrizi and in his own time, attest to this fact.

The important point here is for Islamic economists to understand that many of the issues related to prudent management such as transparency, accountability, professionalism and standards relating to good practices, need to be given greater attention. For example, discussions in the late 1970s and early 1980s on central banking in an Islamic system seemed to focus on the issue of whether there was a need for a 100% reserve requirement. Then it was concluded that while this was ‘preferable’, it may be possible to have some limited amount of money creation, but one that was strictly controlled by the central bank.⁽⁶²⁾ In Malaysia, there have also been suggestions to have a zero reserve requirement for Islamic banks, ‘in order to promote Islamic banking’, while of course making profits for the banks involved. Many important questions need to be answered and serious thinking needs to be put into this or any other proposal before any decisions are made. Both shar’i and legal effects on society as a whole need to be taken into consideration before meaningful decisions can be made in matters like this.

6.3 *Is Using Gold and Silver Practical?*

History seems to support the impracticality of relying on only gold and silver. As described by al-Maqrizi, the situation in Mamluk times led to the introduction of copper money (*fulus*). Even though he supported the use of gold and silver as money and blamed the government for the crisis of his time, it nevertheless shows that limiting money to only gold and silver does create practical problems (in fact it was the scarcity of silver during the period of the Circassian Mamluks that led them to introduce copper based money).⁽⁶³⁾ Alternative fiat-money systems are available. Any economics textbook would list out the following: fixed exchange rate regimes, adjustable pegs and floating exchange rates (with or without the backing of gold).

For example, if in place of gold and silver, we accept fiat money on the basis of practicality, we must also accept the possibility of other problems such as fluctuations and instability in the system. As any standard textbook will tell you, one of the ways to deal with this is through indexation. However, the issue of indexation in turn is also a contentious issue that has divergent views among Muslim scholars, one supporting indexation, the other opposing.⁽⁶⁴⁾

61. Barakat, *Fi al-Fikr al-Iqtisadi*, pp. 160-162.

62. See Ariff, (1982) cited above.

63. Barakat, *Fi al-Fikr al-Iqtisadi*, pp. 155-158.

64. Al-Uthmani, *Buhuth*, pp.171-194.

It can be seen that having a particular view on one issue requires a whole 'system' of institutions and mechanism to support that position. Hence, alternatives come in packages. Deciding which package is the best is a very important issue that needs to be addressed. Limiting the argument to only one view would tend to create unnecessary constraints on Islamic economics to provide viable and creative alternatives and may not necessarily serve the discipline and the *ummah*.

6.4 Is a Gold Backed System the Answer?

It is possible to find scholars from both schools supporting a gold backed system. A gold backed system was accepted as a possible alternative to gold and silver as seen from views of some scholars, particularly in the period prior to 1971. These scholars argued that since the paper money of the time was backed by gold, it could be considered as *sanad al-dayn* (debt 'guarantee', where the government is providing this guarantee) or *hawalah* (bill of exchange/promissory note). However, even the gold backed system faces numerous practical problems that led to the unilateral US decision to pull out of the Bretton Woods system in 1971. Muslim scholars, i.e. jurists, economists and preferably those who master both fields of knowledge, need to analyze all the alternatives from all perspectives before choosing one or creating hybrids systems that are not only *shari'ah* permissible but economically, financially and administratively viable.

6.5 What is the Role of the Government?

All scholars agree that the government has an important role to play in the monetary system. However, the scope and role would be different in the two schools. In the first group, the following duties of the government have been identified by the scholars-ensuring correct weight of gold and silver currencies, guarding against debasement of money and to regulate the supply of money through the relevant authority.

For the second group, the scope and role would seem to be much more complex than the first since it could involve a fiat money system. Monetary management and policies would need to be formulated and implemented on a *shari'ah* compliant basis.

7. Conclusion

In this paper we have attempted to provide a brief survey on the fiqhi opinions on the issue of money in Islam, especially the use of gold and silver. From the preceding sections we can come to the following conclusions:

Firstly, there seem to be two legitimate fiqhi opinions on gold and silver as money. The view that in Islam, only gold and silver can be used as money is one possible, legitimate view supported by evidences according to Islamically acceptable criteria. This view sees the use of gold and silver as *hukm shar'i* and hence, cannot be changed by secondary sources of law. There is another equally acceptable view that does not see the obligation to limit money to only gold and silver. They see the issue of money related more to the principles of *ibahah* and *maslahah*, and hence, allows greater flexibility on the part of the authority to decide on this matter.

Secondly, it is important for any discussion on seeking alternatives to the present monetary regime to take into consideration the various *fiqh* positions on money, their evidences and the advantages/disadvantages of these alternatives before claiming exclusive rights to 'Islamic' positions. Discussion of views, understanding others' views and ultimately agreeing to disagree must be accepted as a possible outcome of Islamic scholarship and of any scholarly attempt to talk of alternatives. It may also be relevant for all who are proposing monetary system alternatives to do serious research into the history of monetary systems throughout the ages, including the Muslim world when gold and silver was used as money in order to learn about the strengths and weaknesses so as to avoid making hasty conclusions. Similarly, those who accept the fiat money system need to address the issues of seigniorage and money creation by private banks, which are the main arguments against the fiat system today.⁽⁶⁵⁾

Thirdly, while using gold and silver as money is a possible *fiqh* alternative to the present system, it is very important to also look at the issue from other aspects such as its economic and administrative viability in order to present systems that are conducive to the legitimate needs of society. It may not be strategically beneficial for Muslims to overemphasise one view as being 'the' Islamic view, especially when we have shown that this is not the case. Greater interaction of *fiqh* scholars and economists/ technocrats need to be mobilized. A longer term solution will be to institute changes in the education curricula and incorporate these various dimensions into the formal economics, finance and *shari'ah* programs at universities all over the Muslim world.

Lastly, the fact that Islamic scholarship has divergent views on money and the monetary system, must be seen as a strength, not a weakness. What it indicates is that Islamic scholarship is dynamic and able to address different situations and circumstances, provided the issue is not something that is fixed or determined directly in the Qur'an and/or Sunnah. This challenge of being obedient to the dictates of the *shari'ah*, while at the same time being able to address contemporary complexities, is certainly one of the biggest challenges facing the Muslim *ummah* today. This would require contemporary Islamic economists to learn from both the traditions/heritage as well as modern economics.

References

- English References

- Abdelhakim, Nedjah**, (2000) 'A Comparative Study of the Economic Thought of Ibn Khaldun and Ibn Taymiyyah and Its Relevance to Conventional Economic Thought', *Masters thesis, International Islamic University Malaysia, Kuala Lumpur*.
- Allouche, Adel**, (1994) *Mamluk Economics, A Study and Translation of al-Maqrizi's Iqathah*, University of Utah Press.
- Ariff, Muhammad** (1982) (ed.), *Monetary and Fiscal Economics of Islam*, International Center for Research in Islamic Economics, Jeddah.

65. As mentioned earlier, while most contemporary Islamic economists accept fiat money, there were discussions in the early 1980s about subjecting the banking system to a 100% reserve ratio or even to nationalize banks. See footnote no. 5. For a bibliography that covers modern writers who support gold as money see, **Ahamed Kameel Mydin Meera**, *The Theft of Nations-Returning to Gold*, Pelanduk Publications, Selangor, 2004.

- Bernard, Lietaer and Gernot Nerb**, (2002) 'Terra: A Countercyclical Reference Currency to Stabilize the Business Cycle', paper presented at the *International Conference on Stable and Just Monetary System*, Kuala Lumpur, August.
- Chapra M.U.**, (1985) *Towards a Just Monetary System*, Islamic Foundation, Leicester.
- Iqbal, Munawar and M. Fahim Khan**, (1981) *A Survey of Issues and a Programme for Research in Monetary and Fiscal Economics of Islam*, International Center for Research in Islamic Economics, Jeddah/Institute for Policy Studies, Islamabad.
- Islahi. Abdul Azim**, (1988/1408 A.H.) *Economic Concepts of Ibn Taimiyah*, The Islamic Foundation, Leicester.
- Meera, Ahamed Kameel Mydin**, (2004) *The Theft of Nations - Returning to Gold*, Pelanduk Publications, Selangor.
- Siddiqi, M.N.**, (1983) *Issues in Islamic Banking*, Islamic Foundation, Leicester.
- Vadillo, Umar Ibrahim**, (2002) *The Return of the Islamic Gold Dinar*, Madinah Press, Cape Town.

- Arabic References

- Al-'Azizi, Muhammad Ramiz**, (2004) *Tahrim al-Riba Fi al-Islam wa al-Dīyanah al-Yahuddiyyah wa al-Masihīyyah (1st Edition)*, Dar al-Furqan, Amman.
- Al-'Uthmani, Muhammad Taqi**, (1998) *Buhuth Fi Qadaya Fiqhiyyah Mu'asirah*, Dar al-Qalam, Dimashq, al-Tab'ah al-Ula.
- Al-Ashqar, Muhammad Sulaiman** (1998) *Buhuth Fiqhiyyah fi Qadaya' Iqtisadiyyah Mu'asirah*, Dar al-Nafis, Jordan.
- Al-Ghazali, Abu Hamid**, (1421 A.H.) *Ihya' Ulum al-Din*, Dar al-Kutub al-'Ilmiyyah, Beirut.
- Al-Hurani, Yasir Abd al-Kareem** (2003) *'al-Fikr al-Iqtisadi 'inda al-Imam al-Ghazali*, Majdalawi, Amman.
- Al-Kasani, Bada'i al-Sana'i 'fi Tartib al-Shara'i'**, Dar al-Kutub al-'Ilmiyyah, Beirut, (n.d.).
- Al-Khalidi, Mahmud**, (1985) *Zakah al-Nuqud al-Waraqīyyah al-Mu'asirah*, Al-Risalah Publishers, Amman.
- Al-Mani', 'Abd al-Allah ibn Sulayman**, (1984-1404 A.H.) *Al-Waraq Al-Naqdi, Tarikhuhu, Haqiqatuhu, Qimatuha, Hukmuha*, Dar al-Farazdaq al-Tijariyyah, al-Riyadh, T 2.
- Al-Maqrizi, Taqi al-Din Ahmad ibn Ali**, (1967) *al-Nuqud al-Islamiyyah al-Musamma' Shudhur al-Uqud fi-Dhikr al-Nuqud*, al-Maktabah al-Haydariyyah, al-Najaf.
- Al-Maqrizi, Taqi al-Din Ahmad ibn Ali**, (2000) *Ighathat al-Ummah bi-Kashf al-Ghummah*, Maktabah al-Thaqafah al-Diniyyah, Bur Sa'id.
- Al-Masri, Rafiq**, (1987) *Lamhat 'an al-Nuqud fi al-Islam, Qira'at fi al-Iqtisad al-Islami*, Faculty of Economics, King Abdul Aziz University, Jeddah.
- Al-Qaradawi, Yusuf**, (1993) *Fiqh al-Zakah Dirasah Muqaranah li-Ahkamuha wa Falsafatuha fi Daw' al-Qur'an wa al-Sunnah*, Mu'assasah al-Risalah, Beirut.
- Al-Sadr, Muhammad Baqir**, (1990) *al-Bank al-Laribawi fi al-Islam*, Dar al-Ta'aruf, Beirut.
- Al-Salus, Ali Ahmad**, (1985) *Istibdal al-Nuqud wa al-Umlat (1st edition)*, Maktabah al-Falah, al-Kuwait.
- Al-Sarakhsi, Muhammad ibn Ahmad Abi Bakr**, *al-Mabsut*, Dar al-Marifah, Beirut, (n.d.).
- Barakat, Emad Rafiq**, (2002) *Fi al-Fikr al-Iqtisadi 'inda al-Maqrizi: al-Azmat al-Iqtisadiyyah'*, Ph.D thesis, International Islamic University Malaysia, Kuala Lumpur.
- Hail 'Abd al-Hafid**, (1999) *Taghayyur al-Qimah al-Shira'iyyah Li al-Nuqud al-Waraqīyyah*, al-Ma'had al-'Alami Li al-Fikr al-Islami, *Dirasat Fi al-Iqtisad al-Islami*, 35.
- Hasan, Ahmad**, (1999) *al-'Awraq al-Naqdiyyah Fi al-Iqtisad al-Islami Qimatuha wa Ahkamuha*, Dar al-fikir, Dimashq.
- Ibn al-Qayyim, Shams al-Din Abi 'Abd al-Allah, I'lam al-Muwaqqi'in 'An Rabb al-'Alamin**, Dar al-Jil, Beirut, (n.d.).
- Ibn Khaldun**, (1988) *Muqaddimah Ibn Khaldun*, Dar al-Fikr, Beirut.
- Ibn Taymiyyah, Shaikh al-Islam Taqi al-Din Ahmad**, (1987) *Majmu' Fatawa Shaikh al-Islam Ibn Taymiyyah*, Dar al-Kutub, Beirut.

هل تقتصر النقود على الذهب والفضة؟

محمد أسلم حنيف و عماد رفيق بركات
أستاذ مشارك - قسم الاقتصاد
الجامعة الإسلامية العالمية - ماليزيا
وأستاذ مساعد - قسم البنوك والاقتصاد الإسلامي
جامعة اليرموك - الأردن

المستخلص : يرمي البحث إلى استطلاع موضوع النقود في الإسلام، وبصورة محددة آراء الفقهاء المسلمين، خاصة الأولين منهم، حول ما إذا كان من الأفضل اقتصار النقود على الذهب والفضة، وتأثير ذلك على الآراء المعاصرة في الموضوع، وما هي جوانب اتفاق جمهور الفقهاء حول ذلك. كذلك يقارن الباحث بين آراء الفقهاء الذين يميلون إلى اقتصار النقود على الذهب والفضة مع بيان النماذج المؤيدة لحجج كل من الفريقين.