

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Series of Questions Addressed to Eminent Scholar Ata Bin Khalil Abu Al-Rashtah,
Ameer of Hizb ut Tahrir through his Facebook Page (Fiqhi)

Answer to Question:

**Gold and Silver are the Two Currencies that the Islamic State
Should Adopt**

To: Muhammad Ishak

(Translated)

Question:

Assalamu alaykom wa rahmatullah wa barakatuhu,
May Allah (swt) bless and protect you our Shaykh...

Question: Some thinkers in our country, Indonesia, refuse to return to the use of gold and silver currencies, and say that Shari'ah does not dictate that specific money be used, using the evidence that Umar ibn al-Khattab intended to make dirhams from camel skins, so is this opinion correct? May Allah reward you.

Answer:

Wa Alaikum Assalam wa Rahmatullah wa Barakatuh,

1. We have explained the Shari'ah evidence that gold and silver are the two currencies that the state should adopt in Islam, and we have mentioned the details of that in the books, *The Economic System in Islam* and *Funds in the Khilafah State*... We also explained the topic in the book, *Draft Constitution of the Khilafah State* Vol. II, under Article 167 and its explanation... I will convey to you what was mentioned in the *Draft Constitution* in this regard for its clarity and smoothness:

(Article 167: The currency of the State is to be restricted to gold and silver, whether minted or not. No other form of currency for the State is permitted. The State can issue something as a substitute for gold or silver provided that the Bayt Al-Mal has the equivalent amount of gold and silver to cover the issued coinage. Thus, the State may issue coinage in its name from brass, bronze or paper notes and so on as long as it is covered completely by gold and silver.

The necessary evidences for it:

When Islam decided the rules of selling and hiring, it did not specify what would be exchanged for the goods or service and benefit such that upon that basis that thing would become obligatory. Rather it left man to exchange using anything as long as there was mutual consent for that exchange, and so it is permitted to marry a woman upon teaching her sewing, and to buy a car in exchange for working in the factory for a month, and it is permitted to work for an individual for a specific amount of sugar. The Shari'ah left the issue of exchange open for people so that they could base it upon whatever they wanted, which is proven by the generality of the evidences for trade and hiring such as: ﴿وَأَحَلَّ اللَّهُ الْبَيْعَ﴾ **“And Allah has permitted trade”** (TMQ 2:275) – for anything and by anything, and the narration: «أَعْطُوا الْأَجِيرَ أَجْرَهُ قَبْلَ أَنْ يَجِفَّ عَرْفُهُ» **“Give the worker his wages before his sweat dries.”** (reported by Ibn Majah); in other words, that the worker should receive his salary when he finishes his work, whatever the nature of that wage. Additionally, these things that are used for exchange are not actions such that they would in origin be restricted (to the evidence) and so their permission would require an evidence, but rather they are things. The origin regarding things is that they are permitted as long as there is no evidence to prohibit them, and there is no evidence reported which prohibits using anything as an exchange, and so

accordingly it is permitted to carry out Shari'ah transactions with them whether buying and selling, giving as a gift or exchanging with the exception of anything where there is a text prohibiting its exchange. Based upon this, exchanging goods for money, and money for goods is permitted without any restrictions, except for exchanging money with money because it has specific rules and so it is restricted by those rules. In the same manner, exchanging effort for money, and money for effort, is permitted without restriction unless the goods or service have been mentioned in a text as being forbidden. Accordingly, to exchange goods for a specific form of money, and in the same manner to exchange a service or effort for a specific unit of money, is also permitted without any restriction, whatever the unit of that money may be. So irrespective of whether that unit doesn't have anything backing it, such as fiat currency, or if it was backed by a specific amount of gold, such as secured paper currency, or if the unit was backed by gold and silver to its value such as representative paper currency, all of them are considered to be allowed to trade with. Therefore, it is correct to exchange goods or services for any unit of money and it is permitted for the Muslim to sell for any currency and to buy with any currency and to hire with any currency and to be employed for any currency.

However, if the State wanted the lands that it ruled to adopt a specific unit of money, such that it implements the rules of the Shari'ah related to finance from the angle of it being wealth such as Zakah, exchange, interest and anything else, and the rules related to the individual who owned the wealth such as blood money, the minimum stolen amount that would be considered theft, and so on, then it does not have an open hand to use any specific monetary unit, but rather it is restricted to use only a specific type of money and no other. The Shari'ah specified the monetary unit, from a specific genus which the text mentioned, and this is gold and silver. So if the State wanted to issue a currency, it is restricted to the money being gold and silver and nothing else. The Shari'ah did not leave the State to issue any money it pleased, from any type it wanted, but rather it specified the monetary units which the State could make as a currency for itself if it wanted to issue a currency with specific monetary units; which are gold and silver alone. The evidence for this is that Islam connected to gold and silver with fixed rules, and without any change. So when blood money was specified, it was specified from a specific amount of gold, and when the cutting of the hand of the thief was obligated, the minimum amount that the punishment would be applied for was specified from gold; the Messenger (saw) said in his message to the people of Yemen: «وَأَنَّ فِي النَّفْسِ الْمُؤْمِنَةِ مِائَةٌ مِنَ الْإِبِلِ، وَعَلَى أَهْلِ الْوَرَقِ أَلْفُ دِينَارٍ» **“and for the believing soul (if killed) it is one hundred camels, and for the people of silver one thousand Dinars”** (mentioned by Ibn Qudamah in Al-Mughni from what was reported from 'Amru b. Hazim from the letter of the Messenger of Allah to the people of Yemen). And in the report in Al-Nisa'i regarding the letter of the Messenger of Allah (saw) to the people of Yemen: “and upon the people of gold it is one thousand Dinars” in place of: “people of silver”. And he (saw) said: لا «تُقَطَّعُ يَدُ السَّارِقِ إِلَّا فِي رُبْعِ دِينَارٍ فَصَاعِدًا» **“Do not cut (the hand) except for a quarter of a Dinar and more”** (reported by Muslim from Aisha (ra)).

This defines specific rules with Dinars and Dirhams, and the weight of the Dinar measured by gold, and the Dirham by silver, which made them monetary units analogous to the value of objects and effort. This monetary unit is the currency and its basis. The fact that the Shari'ah textually connected gold and silver to the Shari'ah rules when these rules were related to currency is evidence that the currency can only be from gold and silver alone.

Additionally, when Allah (swt) obligated Zakah, He (swt) obligated it upon gold and silver alone, and specified the Nisab from gold and silver, and so the consideration that the Zakah upon money is by gold and silver specifies that the currency is gold and silver, and if there was a currency other than them then Zakah for money would have been obligatory upon it. Because there is no text for Zakah upon money except upon gold and silver, this indicates that there is no consideration for any other type of money. Also, the rules of currency exchange which were revealed regarding monetary transactions alone addressed gold and silver alone and all of the financial transactions mentioned in Islam are dealt with in gold and silver. And currency exchange is to sell money for money, either to sell one type of money

with itself, or to sell it for another type of money, and by another expression currency exchange is to sell a currency for a currency. The Shari'ah specified currency exchange – which is a purely monetary transaction – with gold and silver alone, which is a clear evidence that the currency must be from gold and silver and nothing else. He (saw) said: «وَبِيعُوا الذَّهَبَ» **“Sell gold for silver as you please”** (reported by Al-Bukhari from Abu Bakra). And Muslim reported similar to it through Ubada Bin Al-Samit. The Messenger (saw) also said: «الذَّهَبُ بِالْوَرَقِ رِبًا إِلَّا هَاءَ وَهَاءَ» **“Gold for silver is interest (usury) unless it is exchanged hand to hand”** (agreed upon from Umar).

Above that, the Messenger (saw) specified gold and silver as money, and made them alone the measures of monetary value which the values of goods and efforts were measured against, and upon which basis transactions were carried out. The measures for this currency were the Awqiya, the Dirham, the Daniq, the Qirat, the Mithqal, and the Dinar. These were all well known and famous at the time of the Prophet (saw), and the people would transact with them. And it is confirmed that he (saw) consented to them. All of the trade and marriages took place with gold and silver, as has been confirmed by several authentic narrations, **and so the fact that the Messenger (saw) made gold and silver the currency, and the fact that the Shari'ah linked some of the Shari'ah rules with them alone, and that Zakah upon money is limited to them, and currency exchange and financial transactions were limited to them, are all clear evidence that the money of Islam is only gold and silver and nothing else.** Quote from the book, *Draft Constitution*, has ended.

2. Thus, we find that the Shari'ah evidences concerted in indicating that the currencies adopted by the state in Islam is gold and silver, and that it does not adopt any other type of currency, and although the Prophet's (saw) approval of these two currencies is sufficient alone to prove the legal ruling on the subject of currencies in Islam, the Shari'ah did not stop at the point of the Messenger (saw)'s approval for the two currencies, but it went beyond that to establishing evidences on the topic of usury, the topic of zakat, the topic of blood money... etc...

3. It was narrated on the authority of Umar, may Allah be pleased with him, that he intended to make dirhams from camel skin, and according to what we have researched, this was reported in two chains of narration:

- Al-Baladhari narrated in his book, *Futuh Al-Buldan* (3/578): Amr al-Naqed said: Ismael ibn Ibrahim said: Yonis ibn Ubaid, on the authority of Al-Hassan said: The people, who were people of disbelief, knew the status of this dirham in the eyes of the people, so they embellished and protected it, but when it came to you, you cheated and spoiled it. And Umar ibn Al-Khattab said: I thought of making dirhams from camel skins. He was told that in that case there will be no baby camels, and he gave up the idea.

- Abdul-Razzaq Al-San'aai (died in 211AH) narrated in his book “Tafsir of Abdul-Razzaq”: Mu'ammarr and Yahya said: Ayoub said: Ibn Sirin said: that Umar ibn Al-Khattab wanted to make dirhams out of camel skin, so they said to him: “they (camels) will then become extinct, so he gave up the idea.”

Some have tried to infer by this that it is permissible for the state in Islam not to make its currency in gold and silver and to make cash from any known currency such as leather and the like... As you mentioned in your question, some people of this age refuse to return to the gold and silver standard and approve the banknotes, basing their claim on this saying narrated on the authority of Umar, may Allah be pleased with him... and in response to this matter, there are different aspects as outlined below:

A- As we mentioned and explained above, the legal evidence is concerted in indicating that currency in Islam is gold and silver, based on the approval of the Prophet (saw) and from the Shari'ah's many rulings being linked to gold and silver considering them as currencies... so how can all of this evidence be left and set aside, and resort to one narration about Umar, may Allah be pleased with him, to prove a statement that contradicts the clear and firm evidence? Is this not a strange matter, far from the correct inference of Shar'i evidence?!

B- There is a problem with this narration with its two chains of transmission, as there is an interruption in both chains of narrations because the first narrator on the authority of Umar ibn al-Khattab is al-Hasan al-Basri, who did not meet with Umar, may Allah be pleased with him, and did not take (knowledge) from him because he was born at the end of the caliphate of Umar, shortly before his death. And the narrator in the second narration is Ibn Sirin, and he also did not meet with Umar ibn al-Khattab and did not narrate from him, and it was said that he was born at the end of the Caliphate of Umar and it was said during the Caliphate of Uthman... so how is it correct to take these narrations in which there is an interruption in the chain of transmission in contrast to the authentic hadiths of the Prophet?!

C- The narration of Al-Hasan Al-Basri in which Umar bin Al-Khattab, may Allah be pleased with him, said: "I thought of making dirhams from camel skins", means that the matter did not go beyond a "thought" of Umar's in doing an action, and he did not act upon it... so how can we use this as evidence for the permissibility of using other than gold and silver as currency? In other words, how do we rely on a mere "thought" from Umar that has not been fulfilled in exchange for evidence from the Noble Qur'an and solid evidence from the Messenger of Allah (saw) of which it is clear the restriction of currency in Islam?! Is this not a strange thing?!

D- The fixed matter is that the Rightly Guided Caliphs used, like the Messenger of Allah (saw), gold and silver as currency, meaning that the currency used during the days of the caliphate of Umar, may Allah be pleased with him, was the gold dinar and the silver dirham... so how can we leave this constant and steady matter in the days of the Prophet (saw) and the rightly-guided caliphs, including Umar, and take a narration that says that Umar, may Allah be pleased with him, thought of making dirhams from camel skins?! That is, how do we take a narration about his "thought" and leave what is proven from his action of using gold and silver as currency during the days of his caliphate, may Allah be pleased with all the companions?

Thus it becomes clear that the inference by the narrated saying on the authority of Umar, may Allah be pleased with him, is a misplaced inference and that it does not rise as evidence for the statement that Islam did not define a currency for the state, and it is also not suitable for opposing the strongest and proven evidence ...

4. In addition to the above mentioned, leaving the gold and silver rule in the world and adopting banknotes has resulted in many and great damages such as fluctuating exchange rates, the US dollar's control of the markets, the damage to the currencies of weak countries and the decrease in their purchasing power at very high rates, as well as other known damages to everyone who follows the monetary, financial and economic aspects... This damage will not be eliminated from the control of the major capitalist countries, especially America except by returning to the gold and silver standard and adopting them as currencies, and dragging the world into adopting them as currencies to remove those damages arising from the hegemony of paper money of the Kafir colonial countries and the control of the global economy, especially from America... and the Caliphate state is the country qualified to do so, by the will of Allah...

All of the above clearly demonstrates the necessity of gold and silver being the only legitimate currency of the Khilafah state... And Allah Knows Best and is Most Wise.

Your brother,

Ata Bin Khalil Abu Al-Rashtah

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The link to the answer from the Ameer's Facebook page:

<https://web.facebook.com/HT.AtaabuAlrashtah/photos/a.1705088409737176/2742322012680472>