

Dilemma of De-Dollarization

News:

On 24th May 2023, [Reuters](#) reported, “The International Monetary Fund's managing director Kristalina Georgieva said about de-dollarization of the world: "We don't expect a rapid shift in reserves because the reason the dollar is a reserve currency is because of the strength of the US economy and the depth of its capital markets.””

Comment:

Several countries are taking diverse approaches and positions regarding de-dollarization. Notably, Russia is displaying a strong commitment to this process, although it lacks the necessary tools and infrastructure to effectively execute its plans. In contrast, China has not yet formulated a specific strategy for de-dollarization. India currently lacks interest in pursuing de-dollarization, as 86% of its export earnings are in dollars and only 15% of those dollar earnings come from the US.

Although there may be some increase in barter-based transactions or trade contracts using local currencies amongst different states, both China and India are reluctant to fully embrace de-dollarization because establishing a new reserve currency for the World requires currencies which are highly liquid and readily available, and the Yuan and Rupee lack these qualities at the moment.

Islam requires that the Islamic State use gold and silver as currency. It is only gold and silver which will help the Khilafah State launch an international campaign to de-dollarize international trade and replace it with gold and silver. The use of the gold dinar and silver Dirham will end currency devaluation wars between States as exchange rates between states will be stable because the exchange of currency will be linked to the weight of gold and silver which are known to hold their value.

In Islam, it is invalid to have money other than gold and silver, due to Shariah evidences. The Messenger of Allah (saw) adopted the gold and silver as money of the Islamic State. He (saw) also acknowledged the weights of dinars and dirhams used by Quraish. It is narrated from Tawoos from Ibn Umar (ra), the Messenger of Allah (saw) said, «الْوَزْنُ وَزْنُ أَهْلِ مَكَّةَ» **“The weight is the weight of people of Makkah.”** [Abu Daud] The weight of ten dirhams used to be equal to seven mithqal. According to our weights today, the golden dinar is equal to 4.25 grams, and the silver dirham is equal to 2.975 grams.

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