

# Reliability of Gold and Silver as Currency

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Gold and silver are the most stable currency the world has ever seen.

From the beginning of Islam until today, the value of the Islamic bimetallic currency has remained surprisingly stable in relation to basic consumable goods:

A chicken at the time of the Prophet, *salla'llahu alaihi wa sallam*, cost one dirham; today, 1,400 years later, a chicken costs approximately one dirham.

In 1,400 years inflation is zero.

Could we say the same about the dollar or any other national currency in the last 25 years?

In the long term the bimetallic currency has proved to be the most stable currency. It has survived, despite all the attempts by governments to transform it into a symbolic currency by imposing a nominal value different from its weight.

## Reliability

Gold cannot be inflated by printing more of it; it cannot be devalued by government decree, and unlike national currencies it is an asset which does not depend upon anybody's promise to pay.

Portability and anonymity of gold are both important, but the most significant fact is that gold is an asset that is no-one else's liability.

All forms of paper assets: bonds, shares, and even bank deposits, are promises to repay money borrowed. Their value is dependent upon the investor's belief that the promise will be fulfilled. As junk bonds and the Mexican peso have illustrated, a questionable promise soon loses value.

Gold is not like this. A piece of gold is independent of the financial system, and its worth is underwritten by 5,000 years of human experience.