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**The Principle of Currency  
Value System and Islamic  
Banking and Finance**



**IIUM Press**

**Edited by**

**Saim Kayadibi**

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## Chapter 1

### **The Implication of Richard Nixon Did Not Remove the Principle of Currency Value Based on Nation Gold Reserve.**

Saim Kayadibi and Mohd Hasbullah Mohamad Faudzi<sup>1</sup>

#### **Introduction**

When we did our research on this topic, we found that the discussion of pegging of gold becomes broad and broader. In fact, the financial crisis that is happening now, some of the problem that could not be settled is the issue of currencies which the value is fluctuated. That is when we started to think whether the pegging back the currencies to the gold will reduce the problem of this financial crisis.

In this discussion, we will go through the definition and function of money, then, we will discuss about how the monetary system worked before Richard Nixon removed gold from the pegging and the effect after that. The discussion will be expanded by the explanation of the analysis of the current situation of countries' economy and their reserve. Lastly, we end up this writing by discussing what will happen if we back our currencies with gold.

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