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EVOLUTION OF ISLAMIC ECONOMICS

Definition, Nature, methodology, problems and challenges

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Abstract

Since the ill-conceived separation of finance from Islamic economics proper in the literature, the latter has landed in confusion and neglect. Of late, much concern is being voiced on this state of affairs; divergence of views on various aspects of the subject tends to grow, cohesive efforts are missing. It is in this context that the present paper takes a hurried look at the evolutionary process of the subject and examines the definition, nature and scope, the issue of methodology, system approach, the problems that seems to beset its growth, the challenges it faces and how can some of these be faced.

Key words: Islamic economics, methodology, economic systems

I. Introduction

One distinctive feature of Islam is its candid rejection of asceticism. Islam exhorts mankind to enjoy all permissible things in life. To that end, Allah has stocked the Earth and the Heavens with His inexhaustible resources and made them yield to human will and effort for their use. Thus, a substantive part of Islamic jurisprudence, known as *fiqh muamlat*, deals with issues relating to the treatment of natural resources, land especially, production, consumption, trade, commerce, income, wealth, property, taxation, financing etc.

The classical jurists¹ discussed the *muamlat* in minute details albeit they were not always unanimous in their interpretations of the divine law. Interpretive differences indeed lend space and flexibility to the system while keeping its ethical hard core undiluted. The ethical content and direction was conditioned by the worldview that Islam projected².

The term Islamic economics never occurred to the classical scholars though the evolution of the subject in thought and methodology has shown strong proclivity to revert back to their works.

¹ Such as Abu Yusuf (d. 798), Al-Mawardi (d. 1058), Ibn Hazm (d. 1064), Al-Sarakhsi (d. 1090), Al-Tusi (d. 1093), Al-Ghazali (d. 1111), Al-Dimashqi (d. after 1175), Ibn Rushd (d. 1187), Ibn Taymiyyah (d.1328), Ibn al-Ukhuwwah (d. 1329), Ibn al-Qayyim (d. 1350), Al-Shatibi (d. 1388), Ibn Khaldun (d. 1406), Al-Maqrizi (d. 1442), Al-Dawwani (d. 1501), and Shah Waliyullah (d. 1762). See Wikipedia: Islamic Economics

² The term worldview implies as to how an individual or a community looks at the purpose of life, especially the relationship with other human-beings, with the universe at large and with the Creator of both. Secular worldview divides human conduct into economic and non-economic, the former governed by rationality guided by self-interest. In contrast, Islam sees life as a composite whole where ethical values govern human conduct and attainments in this world are ruled by the concerns of the hereafter. The distinction makes the mainstream and Islamic economic discipline different on many counts definitionally.

The continuing ‘pull back’ effect has indeed been a constant source of confusion and controversy on issues like the definition, nature and scope of Islamic economics³.

The evolution of the economic ideas enshrined in *fiqh muamlat* continued to grow as the Islamic renaissance movements gathering momentum for freedom from the colonial rule in the Muslim lands. For, these economic ideas provided a handy and non-provoking method to attacking the Western ideologies both of capitalism and socialism as opposed to Islamic ethos, and were labelled as exploitative of the masses. An important source of such preparatory writings was the Indian sub-continent.

The proliferation of works on economic ideas of Islam across countries started attracting much attention during the latter half of the twentieth century when most of the Muslim nations had won their geo-political independence from the colonial rule. This set the stage to the launching of Islamic Economics in a formal way in mid-seventies.

The first International Conference on Islamic Economics held at Jeddah in 1976 endorsed a program to erect the infrastructure to launch the subject as a formal academic discipline in a big way. Three international Islamic universities were started, one each at Islamabad, Kuala Lumpur and Kampala, new centers, institutions and departments for teaching and research on the subject were added to existing universities and two new academic journals were launched to promote the literature and disseminate information. Islamic economics had arrived. A stock taking of the progress made was initiated at the Second International Conference held in March 1983 at Islamabad where 25 research papers – 14 in English and 11 in Arabic – were presented and a future course of action was mooted.

2. Brief history

Footnote 1 above has already underlined the informal beginnings of Islamic economics and the major contributors to its evolution; their explanations going back the Qur’an and Sunnah. Here, we carry the story forward, providing in brief the progress of the subject after 1975 when it started emerging as a formal academic discipline. A good account is provided in occasional literature surveys, but a systematic historical analysis probably first appeared in a paper of [Abdul Azim Islahi \(2010\)](#). [Nagaoka Shinsuke \(2012\)](#) in his well-documented research provides a ‘Critical Overview of the History of Islamic Economics’. A notable account of the ‘Current State of Knowledge and Development of the Discipline’ is also available in [Khaled A. Hussein \(2013\)](#). The data needs updating.

³ This apparently is common to the evolution and progress of various branches of knowledge. For instance, even the mainstream economics has undergone and is undergoing this process since its acclaimed origin in Adam Smith (1976). Even its name was not firmly fixed until the close of the nineteenth century. [Alfred Marshall’s Principles \(1898\)](#) opens with the words: “Economics or political economics ...”. One reason of Islamic economics being in a state of flux could be its being still in early steps on road to maturity.

The following may be seen as the main **milestones** on the forward march of Islamic economics. Notice that as of 2008:

- Eight magazines were started which were "exclusively devoted to Islamic economics and finance".
- 484 research projects had been finalized in various universities of ten countries including the US, the UK and Germany.
- 200 Ph.D. dissertations were completed at different universities of the world, literature was proliferating in English, Arabic, Urdu, Bhasa Malaysia, Turkish and other regional languages.
- Organization of periodic seminars, workshops and conferences – local and international – had become a major instrument to promote dialogue, research and dissemination of knowledge worldwide. Eight magazines were started "exclusively devoted to Islamic economics and finance"
- 484 research projects in various universities of ten countries including the US, the UK and Germany had been completed.
- 200 Ph.D. dissertations at different universities of the world in English, Arabic, Urdu, Bhasa Malaysia, Turkish and other regional languages are currently available.
- "Over a thousand unique titles on Islamic economics and finance" are listed in IFP database.
- 1500 conferences (with proceedings available in IFP databank) have been held. A detailed account on the main series is provided in [Munawar Iqbal \(2008\)](#).

3. Definition

A generally acceptable consensual definition of Islamic economics has not yet emerged even after more than six decades of its formal/informal existence ([Iqbal, Syed Ali & Muljawan Eds. 2007, p.4](#)). Several reasons have impeded the progress in that direction. First, the task of formalizing Islamic economics was initially taken up by religious scholars. They worked hard with devotion, earnestness and humility. They successfully raised the edifice of the Islamic economics, expanded educational institutions and courses in the area, brought out journals and attracted professionals from the mainstream to enrich and give the subject a modern look and acceptability. Great contribution it all was and deserved every praise it deserved.

New entrant to the discipline were sought and encouraged but there was a discernable preference for those linked to the Islamic revivalist movements in matters of recognition and employment. A sort of school of thought seemed to have developed in Jeddah ([Hasan 2005, 12-13](#)) having common position on the approach content and thrust of Islamic economic ideas. With occasional departures, concepts like scarcity of resources, pursuit of self-interest, and maximizing behavior on the part of economic agents and what followed in their wake was mostly thought extrinsic to Islamic economics; nay they were acclaimed the defining departures from the secular mainstream economics. This created a lot of difficulty confusion and inconsistency in defining

the subject and its nature and scope⁴. There is yet no commonly agreed definition of Islamic economics, there is rather a welter of them characterized with ambiguity and eclecticism⁴.

The historical ‘pull back’ on the one hand and resistance to it on the other have divided the Islamic economists into two broad strains – retrogressive and forward looking. The former insist on a puritan all-or-nothing approach to develop Islamic economics. They reject the mainstream economics lock stock and barrel. To them, it contains nothing worth Islamic approval. Contextual to ground realities, they are little more ivory tower thinkers and offer little that is operable in the current times, even in Muslim countries. In contrast, there are those who argue that Islam never divided knowledge into Islamic and non-Islamic. It takes the available stock of knowledge, advocates for using Islamic filters to accept what passes through and reject what does not even after modification in the light of Shari’ah norms. It is this sort of *filter-modify-filter* approach’ that is gaining ground in the more recent writings in Islamic economics.

In between are those who are seen lurching between the two more definitive positions; not a few among them have chosen to revise their earlier positions. There is now increasing realization that mainstream economics contains much in terms of argumentation, analytical tool and modes of presentation for absorption with advantage. Importantly, the denial of resource scarcity has almost vanished, pursuit of self-interest conditioned by the Islamic ethical norms is accommodated, and maximizing behavior is not rejected out of hand. The change has permitted a firmer definition of Islamic economics; one being as follows.

“Islamic economics is the subject that studies human behavior in relation to multiplicity of wants and scarcity of resources with alternative uses so as to maximize falah that is the well-being both in the present world and in the hereafter” (Hasan 2015, 4).

The incorporation in the definition of the notion of ‘Falah’ to which the call to prayers invites the believers to come from the minarets ten times a day is indeed the epitome of what Islamic requires of mankind – using the material means to achieve solace in the hereafter (Qur’an 28:77). It is expressive of the prayer that believers address to God after each prayer:

“Lord! give unto us in this world that which is best and in the hereafter that which is best, and save us from the torment of fire” (Qur’an 2: 201).

In addition, the definition closes the gap between the mainstream and Islamic disciplines, yet keeping the two distinct because of world view differences. Centering on *Amanah*. Some of the

⁴The IDB Prize award lecture of M. U Chapra (1996) discusses the definition of Islamic Economics in pages 33-35. In his footnote 32 he has reproduced without comment the definitions of the subject in the writings of S.M. Hasanuz Zaman, M. A. Mannan, Khurshid Ahmad, M.N. Siddiqi, and M. Akram Khan, To Chapra himself Islamic economics could be defined as “that branch of knowledge which helps realize human well-being through an allocation and distribution of scarce resources that is in conformity with Islamic teachings without unduly curbing individual freedom or creating continued macroeconomic and ecological imbalances.” Necati Aydin (June, 2013) adds Hasan’s definition of Islamic economics to Chapra’s list and reviews them all in terms of what he spells out as a new paradigm in pp. 27-29.

important concepts are in streamlining process⁵. To repeat, denials of resource scarcity relative to multiplicity of wants has almost vanished, pursuit of self-interest within ethical bonds is no more frowned at. Above all maximizing behavior on the part of economic agents is entertained with conditions. The message of Islamic religion unlike of other faiths is not time-space bound, it is for all humanity independent of time and space. It is cosmopolitan and eternal. The definition of Islamic economics must exhibit this recognition; it cannot remain confined to the believers only. The above definition has universal message and appeal.

4. Nature and scope

Islamic economics is and must remain a scientific body of knowledge. For, it admits the use of reason and analogy to establish cause and effect' relationships. The Qur'an, in fact, does not shun rationality; the scripture contains many positivist statements. It invites mankind time and again to see reason and use their intellect and experience to understand the Creator and his creation and exhorts people to enrich their life in this world and in the hereafter. Based on religion, Islamic economics has of necessity a dominant normative overtone. Since Islam prescribes a way of living in this world, it avoids idle theorizing. Principles of Islamic economics are essentially the principles of economic policy. The subject holds both positive and normative content. At the same time, it also prescribes action programs and guidance to achieve *falah*.

As a point of departure, it is at times contended that mainstream economics is value neutral while Islamic economics is value-based. This is not true. For, mainstream economics too is not free of value judgments. Values are inbuilt in its basic assumptions – freedom of enterprise, private ownership of property, market arbitration, competition, non-intervention and so on –fall in the category. Finally, not to have a value is also a value, as K. J. Arrow once put it.

These assumptions exist because of social approval and can also be changed or modified through social agreement. In Islamic economics values are God ordained; human beings can impart to them limited interpretive flexibility; they cannot abolish or replace them. Thus, both economic disciplines have values; the difference lies in their source and the extent of human discretion in the matter. And this does make a difference.

⁵Hasan, Zubair (July, 2014) clarifies the prevalent misgivings about three foundational concepts in mainstream economics. These are scarcity of resources, pursuit of self-interest and maximizing behavior of economic agents. He finds their use inevitable for Islamic economics. He argues that stocks of resources that God has provided are inexhaustible. But important is the availability of resources out of stocks to mankind. Availability is a function of human effort and the state of knowledge about resources over time and space. In that sense resources are scarce in relation to multiplicity of human wants for Islamic economics as well. Self-interest must be distinguished from selfishness. The motive operates on both ends of human existence: mundane and spiritual. Its pursuit does not preclude altruism from human life. Counter interests keep balance in society and promote civility. Islam recognizes the motive as valid. Maximization relates to quantifiable ex-ante variables. Uncertainty of future outcomes of actions makes maximization a heuristic but useful analytical tool. The concept is value neutral. What is maximized, how and to what end alone give rise to moral issues. Modified in the light of Shariah requirements the three concepts can provide a firmer definition for Islamic economics centered on the notion of *falah*”.

5. Methodology

Methodology of economics broadly consists of the set of criteria, rules, and procedures which the philosophers of the subject have evolved over the years to examine its nature, scope, and performance given the goals, over time and space. On the contrary, in Islam *usul-al-fiqh* serves as the methodology to generate and supervise *fiqh-al-muamlat*. Both are parts of Islamic economics and operate to achieve not any man-made goals but the *maqasid ur the* objectives of the Divine law⁶. The role of intellect is to impart interpretive flexibility within the given framework, not beyond it (Hasan 1998, 17 – 24)⁷.

Mainstream writings on methodology proliferated after the 1950s but the wave subsided before the close of the century. The subject increasingly ran into so much abstraction and controversy that its study was shifted from the departments of economics to that of philosophy many universities across the globe.

It is interesting that while attention to methodological issues tended to wane in mainstream economics literature, it gained ascendancy in the field of Islamic economics. Several prominent scholars including Al-Attas (1995), Massod Alam Choudhory (2007), Assad Zaman (2013), Abbas Mirakhor (2007), and Mohammad Aslam Haneef (2011) dub most of the current literature coming out on the subject violative of Islamic law and intent from methodological norms as they interpret them. As such they reject most of it as mimicry of the mainstream neo-classical economics. One may grant them the positions they take but the difficulty is that they do not go beyond rejection prescribing little operable under the prevailing circumstances of the Muslim world. A cruel example is that a high powered committee was set up in 2010 on the IDB initiative under the chairmanship of a remounted Pakistani scholar to write a textbook on Islamic economics for use in teaching Islamic economics in the higher education institutions. Six years have gone by, the book has yet to see the light of the day. Individual contributions in the area also failed to win approval.

6. Economic systems

Islam prescribes a way of living in this world for salvation in the hereafter. The Divine law demands ground demonstration; idle theorizing has little value in the Shari'ah. Thus, Islamic economics started with writings on the Islamic economic system.⁸

⁶ Islam being a cosmopolitan religion that addresses the entire humanity the pursuit of *maqasid* is not exclusive to the believers. The question then is that if the followers of other religions can interpret them the way it would suit them? The point needs clarification.

⁷ An authentic and readable reference for a detailed comparative study of methodological issues and their role in shaping the two distinct academic disciplines is Waleed J. Addas (2008): *Methodology of economics – Secular versus Islamic*, Research Management Centre, International Islamic University (IIUM) Kuala Lumpur. The book is downloadable from the internet.

⁸ The first systematic comprehensive and extensively documented treatise on the subject was *The Economic System of Islam (broad outlines)* in Urdu language. Written by Maulana Hif-zur-Rehman Seoharvi, the Secretary General of Jamaat-e-Ulma-e-Hind, the book was first published by Dar-ul-Mussanifeen, Urdu Bazar, Delhi-6 in 1936 and went into six editions, the last appearing in 1946.

Economic activity operates in a broad organizational frame work called economic system. The frame work consists of economic entities like households, business firms, public institutions, markets and so on. They are constituted and operate according to a set of rules of conduct governed by doctrine or societal worldview. The main components of such a system making that of Islam different from the two other capitalism and socialism are as under.

1. *Axiomatic differences*: Axioms refer to what a system believes as self-evident truths; they emanate from the worldview a society upholds. To illustrate capitalism in principle believes in freedom of enterprise, public non-intervention in economic matters, market arbitration and competition as a regulatory force ensuring public good. Also, it sees no clash in general between individual and social interest in this setting.⁹

In contrast, socialism, shorn of its shades and details, as a norm is opposed to freedom of enterprise that must result in a capital-labor clash leading to the exploitation and suppression of the workers. It believes in public ownership of productive resources and planning by direction to ensure socially conducive allocation of resources and distributive justice resultant peace and harmony.

Islam seeks the middle path between capitalism and capitalism. It accommodates the axioms of capitalism but in a reformed and socially beneficial form as per Shari'ah norms and directions. In its thrust and direction, the system is pro-poor without being anti-rich; it seeks to convert man's this world ambitions as a means for salvation in the hereafter. Tolerance, patience, humanism and justice are its guiding principles.

2. *Property rights*: The Islamic system, like capitalism, allows the private ownership of property but with a difference. It enjoins on property owners to hold it not for self-use alone (Qur'an 2:29). Unlike capitalism, Islam under its celebrated concept of *Amanah*, assigns rights to others, especially the poor and the deprived, in one's wealth. These rights that have to be honored. The scripture exhorts the believers to spend in the way of Allah for social good not less than a prescribed minimum.

The Maulana was *the* pioneer of Islamic economics in the Indian sub-continent. With the later day writers on Islamic economics, Maulana's *System* never won the recognition it deserved. Presumably, the reason was a political divide: Jamaat-e-Ulma-e-Hind of the Maulana was with the Congress in freedom movement of India opposing the partition of the country while Islamic economics after partition became the prime concern of Jamaat-e-Islami that now stands divided into three segments – Pakistan, India and Bangladesh – bound with common academic thought and agenda.

Possibly, the magna opus of the Maulana - a truly encyclopedic work - could not fit into their scheme of aspiration and program. Copies of the work in Urdu with an introduction in English written by Zubair Hasan are available in the main libraries of the International Islamic University (IIUM) and INCEIF The Global University of Islamic Finance two leading seats of Islamic instruction in Kuala Lumpur, Malaysia.

⁹ On the axioms of Islamic economics see also Syed Nawab Haider Naqvi

3. *Operational mechanism*: Allowing private ownership of property in Islam implies freedom of enterprise, pursuit of self-interest and seeking of maximization of gains, of course subject to shari'ah constraints¹⁰. Islam approves competitive markets and upholds price mechanism operations devoid of interest, indeterminacy and speculation that mar fair-play imperative it insists upon. It disapproves of the socialist control and regimentation of markets.
4. *Societal priorities*: Capitalism works, as its name implies, for promoting and safeguarding the interests of capital owners. In that, it gives more weight to individual liberty and freedom of action compared to societal aspirations and well-being. Socialism seeks to reverse these priorities. Islam allows individual guided liberty to develop and utilize his full potential to benefit himself and help others. Individual exists in a society not outside – a wave has a personality in the ocean not outside. Thus in Islam societal interest and well-being gets precedence over that of the individual in case there is a clash. Thus, scarce economic resources have to be utilized to produce those goods that meet the basic human needs of food, clothing, shelter, education and health care.

7. Problems

Islamic economics is at present in a muddled state and lacks direction. Part of the problem can be traced back to its originating in the writings of the men of religion who found them socially marginalized during the long spells of colonial rule over the Muslim lands. They did much laudable work that helped preserve the Islamic identity of the community and also provided them with a living. More than positive contributions to society, they tended to keep the masses away from modern education to save them from imbibing the cultural values of the colonial bosses. By the time, foreign rule ended and independence dawned over the Muslim lands after the Second World War, the community had already been divided vertically between those equipped with Western education and those remaining stuck in narrow religious confines.

Independence bestowed power in Muslim countries to the minority having modern education leaving the religious leadership and their poor followers high and dry. The latter started Islamic movements across the Muslim world primarily to capture political power. Islamic economics no longer remained a pious scholarly pursuit; it increasingly tended to become part of their political ploy. Islamic movements could seldom capture political power, or retain it where they could, because of the Western mechanizations including armed intervention underpinned by the assumption of the clash of civilizations.

¹⁰ There has been much confusion and debate on the maximizing behavior of economic agents in Islamic economics and the issue remains in a state of flux. Mohammad Akram Khan (2013, 42) commenting on the illogic of resistance to the proposition wrote in his well-received publication *What is wrong with Islamic economics*, Edward Elgar, seems to have clinched the issue when he wrote, “A respectable exception is Hasan (2005, 32) who argues that maximization behavior has to be seen in the context of “what” and “how” before a final verdict can be given”.

Nevertheless, Islamic movements did succeed in getting minor/major concessions from the ruling classes and substantive financial support from the various state organs for Islamic economics and finance; the subjects soon emerging to attain the status of an academic discipline winning recognition across the non-Muslim world as well.

This indeed is a great and laudable achievement of the Islamic movements over time and space. However, on this road to progress, the discipline has also courted some serious afflictions. With the passage of time and with wider recognition, the movements' dominance of Islamic economics and finance education is slackening; they could not keep out, had to rather welcome, the non-movement professionals to enter and enrich the discipline. This has created some difficulties.

- a) The old guards have revived, rather sharpened, their attacks on the Western Capitalism to establish the superiority of the Islamic alternative to replace it. The point here is not how valid or effective is their criticism or contentions. The point is how valid it is to compare the ideals of a non-existent Islamic economic system anywhere across the globe with the weaknesses of capitalism as it is in operation? To me, it is an unfair chalk-cheese comparison proving nothing.
- b) On the other end, the new enthusiasts, the professionals educated in the West with their degrees enjoying a premium in the emerging economies, especially the Muslim, have claims on Islamic economics. Conditioned in the Western mode of thinking, they want Islamic economics, especially finance, to develop along the road of empiricism knowing full well that Islamic ethical norms and intentions cannot be quantified and the data they use seldom has the needed moral content (Hasan 2007).
- c) In between, has emerged a new group of *Islamic* economists: The Muslims retiring from the international financial institutions – the IMF and the World Bank. Barring exceptions, they are not worth the premium Islamic educational institutions put on them as the 'experts'. For, their appointment to international institutions are not always on merit or by competition; political they are – governments of member countries appoint them as their representatives as per area quotas.

The educational, cultural and attitudinal differences among the academia working in the higher learning institutions coming from very diverse sources has detracted from developing a cohesive, consistent multifarious and directional body of literature in Islamic economics.

8. Challenges and future

Islamic economics faces some serious challenges for its survival as a distinct academic discipline.

- In the forward march of any educational system – Islamic or secular – dread of change is the greatest stumbling block. It may remain rooted in the past, but the past can never be the present or future of a living social organism. Conservatism appears to be the millstone of Islamic economics, not contributing an iota in practical terms. There is no merit in finding faults with others unless one can demonstrate what one preaches as being superior in competition with the rivals on ground. Demonstration wins’ conviction, not contentions.
- Rising fashion of econometric modelling in Islamic economics and finance is harming the cause of purposive research. It lacks theoretical bases, data compatibility with Islamic norms, results are invariably confirmative – reinventing the wheel – model specific and in most cases non-applicative. It is the most perilous imitation of the Western academic culture. It tends to kill creative thinking and innovation in young scholars and detracts attention from indigenous issues (Hasan 2007). There is no useful idea in economics that cannot be expressed in simple common usage language.
- The serious most challenge Islamic economics and finance faces is the lack of well-structured and graded course structures and the matching textbooks. Western course formats, content and textbooks in social sciences’ education do not address the relevant domestic issues nor provide cases and illustrations appropriate with Islamic disciplines and local issues. Their imitation needs restraint.

As students in Islamic institutions of higher learning cannot be kept away from the learning of the mainstream secular economics, and Islam indeed does not shun its learning, it is advisable that writing textbooks on Islamic economics adopt an integrative approach, not exclusive (Hasan 2015, preface).

- Not bulk of the journals brought out by the Islamic educational institutions for publication of researches proliferating in Islamic economics and finance are refereed and or well-recognized. A glaring omission is at INCEIF acclaimed as the thought leader in the area of Islamic finance; interestingly, its sister organization ISRA regularly brings out a bi-annual Shari’ah oriented journal on Islamic finance.

Instead of starting their own journals, or promoting the existing ones, there is a distinct proclivity to encourage faculty and students seek publication in Western journals. There indeed is a rat race for publishing there to win recognition, employment and professional growth. New Journals are mushrooming in advanced economies to fill the rising demand and has become a fast expanding business. Journals there charge hefty publication fees. Authors in developing countries, especially Muslim, tend to go in for group-writing to

share the publication charge. A scrutiny of some such articles for the quality claimed is called for on a regular basis.

Islamic economics is a social science; it is not theology. Unless Islamic economists shun a retrogressive approach to their subject and appreciate the interpretive flexibility of the Shari'ah to accommodate change that social dynamism initiates, the discipline will carry decreasing economic relevance marring the future. Islamic finance may survive but is likely to be increasingly subsumed by the conventional. There is also a feeling that while Islamic Finance is merely a subset of Islamic Economics, its exclusion from the subject to forge an independent identity has led to the neglect in the teaching and funded research in Islamic economics¹¹. Unlike the IDB annual award, mainstream economics does not make such distinction in awarding the Nobel Prize.

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¹¹ Rasem Kayed notes that while a number of universities and institutes of higher learning now offer courses on Islamic economics and finance "most of the courses offered by these institutions pertain to Islamic finance rather than Islamic economics." [Surveying Islamic economics and finance courses being offered as of 2008 by 14 universities in Muslim countries, Kayed found 551 courses in conventional economics and finance, and only 12 courses in Islamic economics and finance (only 2% of the total).

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