

THE EVOLUTION OF ISLAMIC ECONOMICS: A CRITICAL ANALYSIS♣

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Abstract

Since the ill-conceived separation of finance from Islamic economics in the literature, the latter has landed in confusion and neglect. Of late, much concern is being voiced about this state of affairs; divergence of views on various aspects of the subject tends to grow while cohesive efforts are missing. It is in this context that the present paper takes a brief look at the evolutionary process of the subject and examines the definition, nature, scope, methodology and systemic approach of Islamic economics. It also discusses the problems that hinder the growth of the discipline, the challenges that Islamic economics faces, and its future prospects. The paper concludes that the future of the subject depends on how realistically the academic community and policy makers respond to such challenges.

Keywords: 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 heavens with His inexhaustible resources and made them yield to human beings' will and effort for their use. Thus, a substantial part of Islamic jurisprudence known as *fiqh al-mu'āmalāt* (Islamic commercial law) deals with issues relating

♣ This paper grew out of a request from Wikipedia to review its page on Islamic economics.

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to the treatment of natural resources, land, production, consumption, trade, commerce, income, wealth, property, taxation, financing and other areas.

Classical jurists¹ discussed the different aspects of *mu'āmalāt* (commercial transactions) in minute detail and were not always unanimous in their interpretations of the divine law. Interpretive differences gave space and flexibility to the system while keeping its ethical core undiluted. The ethical content and direction were conditioned by the worldview that Islam projected.²

The term 'Islamic economics' never occurred to the classical scholars even though the evolution of the subject in thought and methodology has shown a strong proclivity to revert back to their writings. The frequent 'pull back' has indeed been a constant source of confusion and controversy on the definition, nature and scope of Islamic economics.³

The evolution of the economic ideas enshrined in *fiqh al-mu'āmalāt* continued to grow as the Islamic renaissance movements gathered momentum for freedom from colonial rule in Muslim lands. These economic ideas provided a handy and non-provoking method for attacking Western ideologies, both capitalism and socialism, and contrasting them with the Islamic ethos. An important source of such preparatory writings was the Indian sub-continent.

1 Such as Abū Yūsuf (d. 798), al-Māwardī (d. 1058), Ibn Ḥazm (d. 1064), al-Sarakhsī (d. 1090), al-Tūsī (d. 1093), al-Ghazālī (d. 1111), al-Dimashqī (d. after 1175), Ibn Rushd (d. 1187), Ibn Taymiyyah (d. 1328), Ibn al-Ukhuwwah (d. 1329), Ibn al-Qayyim (d. 1350), al-Shātibī (d. 1388), Ibn Khaldūn (d. 1406), al-Maqrizī (d. 1442), al-Dawwānī (d. 1501), and Shah Waliyullāh (d. 1762) (Chapra, 2010).

2 The term worldview implies 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. The secular worldview divides human conduct into economic and non-economic, with the former governed by rationality and guided by self-interest. In contrast, Islam sees life as a composite whole where ethical values govern human conduct and attainments of this world are ruled by the concerns of the hereafter. The distinction makes the mainstream and Islamic economic disciplines different on many counts.

3 This apparently is common to the evolution and progress of various branches of knowledge. For instance, even mainstream economics has undergone and continues to undergo 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".

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 political independence from the colonial rule. This set the stage for the launching of Islamic economics in a formal way in the mid-1970s.

The first International Conference on Islamic Economics, held in Jeddah in 1976, endorsed a programme to erect the infrastructure to launch the subject as a formal academic discipline. Three international Islamic universities were started at Islamabad, Kuala Lumpur and Kampala respectively. New centers, institutions and departments for teaching and research on the subject were added to existing universities, and two academic journals were launched to promote the literature and disseminate information. Islamic economics had arrived. The second International Conference, held in Islamabad in March 1983, took stock of the progress made; 25 research papers—14 in English and 11 in Arabic—were presented and the future course of action was mooted.

In the following section of the paper we take a brief look at the history of Islamic economics after its emergence as a formal academic discipline. In Section III we explain the issue of defining Islamic economics and the reasons it remains unsettled. Section IV elaborates on the nature and scope of Islamic economics in the light of the definition provided. Section V highlights the ongoing controversy on the methodology of the subject. Section VI examines the distinctive features of the Islamic economic system. Section VII discusses a few problems that have held back the progress of the subject toward becoming a vibrant and active academic discipline. Finally, Section VIII presents the challenges Islamic economics faces and concludes that the future of the subject depends on how realistically the academic community and policy makers respond to such challenges.

II. BRIEF HISTORY

The informal beginnings of Islamic economics evolved from the deliberations of classical jurists (as referred to under footnote 1) whose explanations were based on the Qur'ān and Sunnah (Prophet's

teachings). Here, a brief exposé of the progress of the subject after 1975 is related, when it started emerging as a formal academic discipline. The account is provided in occasional literature surveys, but a systematic historical analysis probably first appeared in Islahi (2010). Shinsuke (2012) in his well-documented research provides a ‘Critical Overview of the History of Islamic Economics’. A good explanation of the ‘Current State of Knowledge and Development of the Discipline’ is also available in Hussein (2013). The data nonetheless needs updating. As per Iqbal’s (2008) description, the following may be seen as the main milestones on the forward march of Islamic economics as of 2008:

- Eight magazines have been started that are “exclusively devoted to Islamic economics and finance”.
- 484 research projects have been finalised in various universities of ten countries including the United States (US), the United Kingdom (UK) and Germany.
- 200 Ph.D. dissertations have been completed at different universities of the world, published in English, Arabic, Urdu, Malay, Turkish and other regional languages.
- Organisation of periodic seminars, workshops and conferences—both at local and international levels—has been a major instrument to promote dialogue, encourage research and disseminate knowledge worldwide.
- “Over a thousand unique titles on Islamic economics and finance” are listed in the French Institute of Pondicherry (FIP) database.
- 1500 conferences (with proceedings available in the FIP databank) have been held. A detailed account on the main series is available therein.

III. DEFINITION

A generally acceptable definition of Islamic economics has not yet emerged even after more than six decades of its formal/informal existence (Iqbal, Syed Ali & Muljawan, 2007: 4). Several reasons have impeded 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 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. It was a great contribution and deserved all the praise it earned.

New entrants to the discipline were sought and encouraged, but there was a discernable preference, in matters of recognition and employment, for those linked to the Islamic revivalist movements. 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 maximising behaviour on the part of economic agents—and what followed in their wake—were mostly thought extrinsic to Islamic economics; rather, they were claimed to be the defining concepts of mainstream economics. This created a lot of difficulty, confusion and inconsistency in defining the subject, its nature and scope.⁴ There is as yet no commonly agreed definition of Islamic economics; there is rather a welter of definitions characterised by ambiguity and illogic.

The historical ‘pull back’ on the one hand and resistance to it on the other hand divided the Islamic economists into two broad strains—regressive and forward looking. The regressive insist on a puritan all-or-nothing approach to develop Islamic economics. They

4 The IDB Prize award lecture of 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.”

reject mainstream economics in its entirety; to them, it contains nothing worthy of Islamic approval. They are 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 Sharī'ah norms. It is this sort of 'step-by-step approach' that is gaining ground in the more recent writings in Islamic economics. Then there are those who are seen lurching between these two more definitive positions; a few have preferred to revise their earlier postulates. There is now increasing realisation that mainstream economics contains much in terms of argumentation, analytical tools 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 maximising behaviour 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 *ḥalāl* that is the well-being both in the present world and in the hereafter (Hasan, 2015: 4).

This definition incorporates the notion of *ḥalāl* (success), to which the call to prayers from the minarets invites the believers five times a day and which is the epitome of what Islam requires of mankind—using the material means to achieve solace in the hereafter. It is expressive of the prayer that believers address to God after each prayer:

“Our 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’ān, 2: 201).

In addition, the definition closes the gap between the mainstream and Islamic disciplines, yet keeps the two distinct because of worldview differences. Some of the important concepts are undergoing

a process of gradual acceptance.⁵ Denials of resource scarcity relative to multiplicity of wants have almost vanished; pursuit of self-interest within ethical bounds is acceptable; above all, maximising behaviour on the part of economic agents is entertained with conditions.

IV. NATURE AND SCOPE

Islamic economics is a scientific body of knowledge in that it admits the use of reason and analogy to establish 'cause and effect' relationships. The Qur'ān, in fact, does not shun rationality; the scripture contains many positivist statements. Based on religion, Islamic economics has of necessity a dominant normative aspect. 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. It also prescribes action programmes to achieve Islamic ends.

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 all true. In fact, mainstream economics is not free of value judgments. Values are implicit in its basic assumptions: freedom of enterprise, private ownership of property, market arbitration, competition, non-intervention, and so on fall in the category. These assumptions exist because of social approval and can also be

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- 5 Hasan (2014) clarified the prevalent misgivings about these three foundational concepts in mainstream economics: scarcity of resources, pursuit of self-interest and maximising behaviour of economic agents. To reiterate briefly, I find their use inevitable in Islamic economics. The stocks of resources that God has provided are doubtless inexhaustible, but the availability of resources to mankind is important. 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 the multiplicity of human wants for Islamic economics as well. With respect to the second concept, self-interest, it 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. The third concept about maximisation relates to quantifiable ex-ante variables. Uncertainty of future outcomes of actions makes maximisation a heuristic but useful analytical tool. The concept is value neutral. What is maximised, how, and to what end; these are what give rise to moral issues. Modified in the light of Shari'ah requirements, the three concepts can provide a firmer definition for Islamic economics centered on the notion of *falāḥ*.

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.

V. METHODOLOGY

The methodology of economics broadly consists of a set of criteria, rules and procedures which 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 other hand, *uṣūl al-fiqh* (the principles of Islamic jurisprudence) serves as the methodology to generate and supervise *fiqh al-mu'āmalāt*. Both are part of Islamic economics and operate to achieve not only man-made goals but objectives of the Divine law as well. The role of intellect is to impart interpretive flexibility within the given framework, not beyond it (Hasan, 1998: 17–24).⁶

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 in many universities across the globe.

It is interesting that while attention to methodological issues tended to wane in mainstream economics literature, it has gained ascendancy in the field of Islamic economics. Several prominent scholars, including Al-Attas (1995), Choudhory (2007), Mirakhor (2007), Haneef & Furqani (2011) and Zaman (2013), dub most of the current literature coming out on the subject as violative of Islamic law and its objectives and of the 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 that is operable under the prevailing circumstances of the Muslim world. A disheartening example is a high-powered committee set up

6 An authentic and readable reference for a detailed comparative study of methodological issues and their role in shaping the two distinct academic disciplines is Addas (2008), *Methodology of Economics: Secular versus Islamic*.

in 2010 on an IDB initiative under the chairmanship of a renowned Pakistani scholar to write a textbook on Islamic economics for use in teaching Islamic economics in higher education institutions. Six years have gone by, and the book has yet to see the light of the day. Individual contributions in the area have also failed to win wider approval.

VI. ECONOMIC SYSTEMS

Islam prescribes a way of living in this world for salvation in the hereafter. The Divine law demands practical demonstration; idle theorizing has little value in the Sharī‘ah. Thus, Islamic economics started with writings on what the Islamic economic system demands.⁷

Economic activity operates in a broad organisational framework called an economic system. The framework 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 a doctrine or societal worldview. The main components of such a system which make that of Islam different from the two others—capitalism and socialism—are as enumerated below:

1. *Axiomatic differences*: Axioms refer to what a system believes as self-evident truths; they emanate from the worldview a

7 The first systematic comprehensive and extensively documented treatise on the subject was *The Economic System of Islam (Broad Outlines)* in Urdu language. Written by Shaykh Hif-zur-Rahman Seoharvi, the Secretary General of Jamaat-e-Ulama-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.

The Shaykh was the pioneer of Islamic economics in the Indian sub-continent. Shaykh’s System never won the recognition it deserved with the latter-day writers on Islamic economics. Presumably, the reason was a political divide: Jamaat-e-Ulama-e-Hind of the Shaykh was with the Congress in the 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 Shaykh—a truly encyclopedic work—could not fit into their scheme of aspiration and programme. 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 Malaysia (IIUM) and the International Centre for Education in Islamic Finance (INCEIF), the two leading seats of Islamic instruction in Kuala Lumpur, Malaysia.

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 to ensure public good. Also, it sees no clash in general between individual and social interest in this setting.

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

Islam seeks the middle path between capitalism and socialism. It accommodates the axioms of capitalism, but in a reformed and socially conducive form, as per Sharī'ah norms and directions. In its thrust and direction, the system is pro-poor without being anti-rich; it seeks to convert the ambitions of men in this world 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 important departures. It enjoins on the owners of property to hold it not only for self but in trust for others as well (Qur'ān, 2: 29). Unlike capitalism, Islam assigns rights to others in one's wealth—rights of the poor and the deprived that have to be honored. The scripture exhorts believers to spend in the way of Allah for social good not less than a prescribed minimum.
3. *Operational mechanisms*: Allowing private ownership of property in Islam implies freedom of enterprise, pursuit of self-interest and seeking of maximisation of gains, subject to Sharī'ah constraints.⁸ Islam approves competitive

8 There has been much confusion and debate on the maximising behaviour of economic agents in Islamic economics, and the issue remains in a state of flux. Khan (2013: 42) supports the view that maximisation per se is value neutral; what is being maximised, how, and to what end are the factors to be looked into before passing judgement on its Islamic efficacy in a particular context.

markets and upholds price mechanism operations, devoid of interest, indeterminacy and speculation that mar the fair play imperatives it insists upon. It disapproves of 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 liberty to develop, albeit following the guidelines provided. It allows the individual to utilise his full potential to benefit himself and help others. The individual exists in a society, not outside it; just as a wave is present in the ocean and not beyond it. Thus, in Islam societal interest and well-being get precedence over that of the individual in case there is a clash. Thus, scarce economic resources have to be utilised to produce those goods that meet the basic human needs of food, clothing, shelter, education and health care.

VII. PROBLEMS

Islamic economics is at present in a muddled state and lacks direction. Part of the problem can be traced back to the writings of the men of religion who found themselves 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. However, their positive contributions to society were undermined by their efforts 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 horizontally between those equipped with Western education and those remaining stuck in narrow religious confines.

Independence transferred power to the minority with modern education, leaving the religious leadership ineffective. The latter started Islamic movements across the Muslim world to capture

political power. Islamic economics no longer remained a pious scholarly pursuit; it increasingly became part of the political arsenal. Islamic movements could seldom get political power or retain it where they could because of the Western machinations including armed intervention.

Nevertheless, Islamic movements did succeed in getting major concessions and massive financial support from the various state organs for Islamic economics and finance to emerge and rapidly attain the status of an academic discipline, not only in Muslim lands but attaining recognition in the non-Muslim world as well.

This indeed is a great and laudable achievement of the Islamic movements across the world. However, on this road of 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 began to slacken. They could not exclude the non-movement professionals from entering and enriching the discipline; rather, they had to welcome them. This has created some difficulties, notably:

1. The old guard has revived, rather sharpened, its attacks on Western capitalism to establish the superiority of the Islamic alternative to replace it. The point here is not how valid the criticism or the claims are. The point is how valid it is to compare the ideals of a non-existent Islamic economic system with the operational weaknesses of capitalism. It is an unfair chalk-and-cheese comparison, proving nothing and getting us nowhere.
2. On the other end, the new enthusiasts, the professionals educated in the West with their degrees enjoying a premium in the emerging economies, especially Muslim ones, have claims on Islamic economics. Conditioned in the Western mode of thinking, they want Islamic economics, especially finance, to develop along the empirical route, knowing full well that ethical norms and intentions cannot be quantified and that the data they use seldom have the needed Islamic roots or content.⁹

9 On this, see Hasan (2007) and the supportive report of Zaman as a discussant of the paper in the proceedings of the seventh International Conference on Islamic Economics.

3. In between has emerged a new group of so-called Islamic economists: Muslims retiring from the international financial institutions—the International Monetary Fund (IMF) and the World Bank. Barring exceptions, they usually are not worth the premium Islamic educational institutions put on them as ‘experts’. Their appointment to international institutions is not essentially on merit or by competition; it is political—governments of member countries appoint them as their representatives as per some quota.¹⁰

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

VIII. 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.¹¹ It may remain rooted in the past, but the past can never be the present or future of a living system. Conservatism is 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 on the ground. It is demonstration, not claims, that wins conviction.

10 The Executive Board (the Board) is responsible for conducting the day-to-day business of the IMF. It is composed of 24 Directors, who are appointed or elected by member countries or by groups of countries, and the Managing Director, who serves as its Chairman (IMF, 2016).

11 *Aein-e-nau se derna terze- kohan pe urna + Manzil ye-he kathin hai qaumon ki zindagi main Yeh caravan-e-husti hai taizgam aisa + Qaumein kochal ga-e hain jiski rwa ravi main*, said Iqbal, the great philosopher and poet. Translation “The dread of change that keeps men stuck to the beaten tracks is the real hurdle in the life of nations; many such communities have been crushed by the fast-paced changing world.”

- The rising use of econometric modelling in Islamic economics and finance is harming the cause of purposive research. It lacks theoretical bases and data compatibility with Islamic norms; results are invariably confirmative—reinventing the wheel; and it is 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 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 most serious challenge Islamic economics and finance face is the lack of well-structured and graded courses and the matching textbooks. Western course structures and textbooks in social science education do not address the relevant issues nor do they provide cases and illustrations appropriate to Islamic disciplines. Imitation of them, if needed, needs to be selective.

As students in Islamic institutions of higher learning cannot be kept away from the learning of the mainstream secular economics, and Islam does not shun its knowledge, it is advisable that writing textbooks on Islamic economics must adopt an integrative, rather than exclusive, approach.¹²

- Most of the journals issued by Islamic educational institutions for publication of research in Islamic economics and finance are not refereed or well recognized. A glaring omission is that of the International Centre for Education in Islamic Finance (INCEIF), acclaimed as the thought leader in the area of Islamic finance, while its sister organisation, the International Shari'ah Research Academy for Islamic Finance (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

12 On this, see Hasan (1998, 2005 and 2015, preface). See also Khan (2013: 7-8).

students to seek publication in Western journals. There is indeed a rat race for publishing in Western journals to win recognition, employment and professional growth. New journals are mushrooming there to fill the rising demand and have become a growth industry. These journals charge hefty publication fees. Authors in developing countries, especially Muslims, tend to go in for group-writing to share the publication charge. Scrutiny of 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 Sharī‘ah, accommodative of change that social dynamism initiates, the discipline will carry decreasing economic content, marring its future. Islamic finance may survive but is likely to be increasingly subsumed by the conventional system. There is also a feeling that while Islamic finance is merely a subset of Islamic economics, its exclusion from the subject has led to neglect in the teaching of, and funding of research in, Islamic economics.¹³ Unlike the Islamic Development Bank (IDB) annual award, mainstream economics does not make such a distinction in awarding the Nobel Prize.

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13 Kayed (2008) 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 (2008) 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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