

Comments by: Dr. Eltayeb Ahmed Shumo

On the paper prepared by Dr. Khaled A. Hussein

Title: Islamic Economics Current State of Knowledge and Development of Discipline

This paper presents a valuable effort to develop the current state of knowledge and understanding of the Islamic economics theory and the on going practice and applications. The paper advocates a problem base approach for having a sound Islamic economics system.

The theme of the paper is quite interesting but a defect in the methodology lies in its reliance on limited sources and lack of empirical data. The author started by focusing on the major challenges confronting the global economy and concluded that the conventional economic system failed to solve the problems of poverty, the acute unequal distribution of income, the growing rates of unemployment and the slowdown in productivity compared to fast growth in financial investment in financial markets.

In my view the issues covered by the paper deserve more efforts and need to encourage academic institutions and research centers to participate in developing the theoretical framework and to share in assessing the current experiences. With regard to the problem base approach for researches I agree with Mr. Khaled that we should move towards that system but we to restrict to the fundamental principles and values which distinct the Islamic economic system from the conventional economic systems.

The main comments need to be emphasized could be summarized into following:

- I feel uneasy to accept the treatment of Islamic economics as a branch of the conventional economic system although we can share with it its tools of analysis that not in contradiction with Islamic principles and ethical values. Alternatively we have to suggest an independent Islamic school of economics and not just to regard it as a branch of the economic school.
- The Islamic economics as science should not be isolated from the Islamic philosophy science it works as a part of inter-disciplinary system. In Islam there is no contradiction between goals and means or between theory and application all they should be in consistent.
- The Islamic economy is a real economy that it deals with real values rather than with nominal values. This characteristic is reflected in its methodology which combines both empirical and analytical approaches and it is only relying on descriptive approach as stated in the paper.
- It uneasy to accept the separation of Islamic economics from fiqh of "muamalat" science Islamic economics is an inter-disciplinary system. This not means we accept facts without following consistent scientific steps.
- With regard to the availability of academic scholars and specialists in the Islamic economics area I do believe there are a reasonable number of specialists but there is a lack of co-ordination. In that respect I argue with the

author for the need to establish a forum or websites to integrate the efforts of those interested in the subject.

- About the possibility of using games theory instead of utility theory this issue need more elaboration to see how it works
- With regard the principles of the Islamic economics they are clearly identified and agreed upon but the problem in the practice and the applicants of the system. For example the Islamic banks experience originally was found on strong vision and objectives; it was originally socially oriented but later after the seventies the experience was dominated by material needs and profit maximization goals similar to conventional banks. To explain more if we go back to mait-ghmer in Egypt, the bank was socially oriented to promote savings among farmers and improve saving behavior and thus to secure continuous accumulation of capital. Similarly the Hajj Fund in Malaysia was establishing with a clear vision and objectives to promote savings from Muslims to enable them perform Hajj.
- Finally I want to this occasion to suggest for Muslim scholars in the area of Islamic economics to focus on small finance and to give more attention to social goals rather than focusing merely on efficiency objectives.

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