

Contributions of the Last Six Conferences

Prof. Dr. Munawar Iqbal
Chairman,
School of Islamic Banking and Finance,
IIIE, Islamabad

Abstract

This paper was meant to present in one place the record of the first six conferences to preserve the history. While doing that, we have attempted to present and objectively evaluate the contribution that the last six conferences have made. Six areas have been identified for this purpose. These are:

1. Official Recognition
2. Institution Building
3. Setting the Agenda for Contemporary Research in Islamic Economics and Finance
4. Contribution to Research
5. Contribution to Published Literature
6. Encouraging New Writers

In the process of evaluating the contribution to research, a new system of classifying contributions to Islamic economics and finance has been proposed. At the end an attempt has been made to draw attention to areas where more efforts must have been made. This is done in the spirit for setting an agenda for future action.

1. Historical Overview

It is well known that conferences play an important role in mobilizing and contributing to research in their areas of specialization. Until early 1970s the research in the field of Islamic economics was, by and large, restricted to a critique of conventional economics and its institutions. That research showed that Islamic economics has the potential of emerging as a new paradigm. Some leading personalities of the Islamic world realized that potential and decided to give that research a direction so that a new discipline may emerge in due course of time. This effort was led by the then President of King Abdulaziz University, Jeddah, H. E. Dr. Muhammad Omar Zubair. With his efforts and with the active support of the Saudi Government, the first International Conference on Islamic Economics was held in Makkah Al-Mukarramah, Saudi Arabia, in 1976, under the auspices of the King Abdulaziz University, Jeddah. The Conference marked the renaissance of Islamic economics as a modern scientific discipline.

Though it was decided in the conference that similar international conferences on Islamic economics should be convened every two years with specialized seminars held more often, it was not until 1983 when the second International Conference was held in Islamabad, Pakistan. In between a seminar on Monetary and Fiscal Economics of Islam was held in Islamabad in 1978. During the Second Conference a resolution was passed to establish an "International Association for Islamic Economics (IAIE)". The Association was constituted shortly afterwards. From then on it was IAIE which assumed the responsibility of organizing future conferences with the active

collaboration of seats of higher learning in Muslim countries. The Islamic Development Bank, Jeddah came on board as a co-organizer.

The Association organized the third International Conference in 1992 with the help of the Islamic Development Bank in Kuala Lumpur hosted by the International Islamic University, Malaysia,. That Conference also made a significant contribution to the ongoing research activity in Islamic economics and banking. By that time a number of research and teaching institutions had been established in several countries. Therefore, at that Conference, a Standing Coordination Committee was established to coordinate research and teaching activities of the participating institutions. Islamic Development Bank offered the necessary infrastructure and the Islamic Research and Training Institute of the IDB was nominated to serve as the Secretariat of that Committee. This Committee held a couple of meetings but unfortunately the purpose of its establishment has not been achieved.

The fourth Conference, was held in 2000 at Loughborough university UK., This was the first time that Association organized such a major activity in a Western country. Loughborough University was chosen for this purpose because it was the first Western seat of higher learning to introduce teaching programmes in Islamic banking. Following its lead several other British, American and other Western universities introduced programmes in Islamic economics and finance at various levels. It is pertinent to note that Prof. John R. Presley who has been leading these efforts and was our partner in organizing the Fourth International Conference was awarded the IDB Prize in Islamic economics for his life time achievements in this field.

In his inaugural address at the occasion of the Fourth International Conference on Islamic Economics and Finance, H.E. Abdallah Hasan Seif, Minister of Finance and National Economy, Bahrain invited the Association to hold the next Conference in Bahrain. This was a very kind gesture and the Association also realized that Bahrain had undoubtedly emerged as the leading center of Islamic finance. Accordingly the Fifth International Conference was held in Bahrain during October 7-9, 2003.

H.E. Maulana Ibrahim, Deputy Governor Central Bank Indonesia who was one of the speakers at the Fifth International Conference informed the Association that Indonesia has embarked upon on ambitious programme of Islamic Banking and being the largest Muslim country in terms of population holds the promise of becoming another important hub of Islamic banking. As such, on his suggestion the Association decided to hold the Sixth International Conference on Islamic Economics and Finance in Jakarta. In order to respond to market demand the Association decided to increase the pace of holding international conferences but with due preparation. Accordingly the Sixth International Conference was held in Jakarta during 21-24 November 2005.

2. Official Recognition

An important aspect of the last six international conferences held under the auspices of the International Association for Islamic Economics with the cooperation of leading universities and research organizations is that all of them received official recognition by the governments of the countries in which these were held. The First Conference

held in Makkah al-Mukarramah had full backing of the Saudi government and was fully funded by its Ministry of Higher Education. It was inaugurated by the H.E. Hasan Al al-Shaikh, Minister of Higher Education on behalf of His Majesty King Khalid of Saudi Arabia. The Second Conference held in Islamabad was partly funded by the Government of Pakistan and was inaugurated by the then President of the country General Muhammad Ziaul Haq. The Third Conference was hosted by the International Islamic University, Malaysia and was inaugurated by Y.B. Dato Seri Anwar Ibrahim, Finance Minister of Malaysia. The Fourth Conference which was the first held in a non-Muslim country also received official recognition. Rt. Hon. Stephen Timms, Financial Secretary to the Treasury, Government of UK delivered his speech in the inaugural session of the conference. In addition the following messages from the UK government officials were received:

From The Rt. Hon. Tony Blair, The Prime Minister, UK

“I am delighted that the 4th International Conference on Islamic Economics and Banking will be held in the United Kingdom, given our role as a major centre for financial services. I wish the Conference and all the participants every success.”

From Mr. Howard Davies, Chairman, The Financial Services Authority, UK

“I am delighted that the 4th International Conference on Islamic Economic and Banking has chosen Loughborough as its first venue in the West. The UK has become a major international centre for developing and marketing Islamic financial products. This Conference provides a valuable opportunity for practitioners and regulators to learn from each other.”

From Mr. Eddie George, The Governor, Bank of England, UK

“I am delighted that the International Conference on Islamic Economics and Banking is being held in the UK for the first time, and that Loughborough University has been chosen as the venue. Islamic and Western approaches to finance differ in a number of respects, but it seems to me that they have a good deal in common in terms of underlying objectives. What is important is that there should be broader understanding of the motivation behind, and practical application of, Islamic finance, and I hope that the Conference will make a very positive contribution to that process.”

His Highness the Prime Minister of the Kingdom of Bahrain extended his patronage to the Fifth International Conference held in Bahrain and the conference was largely funded by the Ministry of Finance and National Economy Bahrain. His Excellency Abdullah Hasan Seif, Ministry of Finance and National Economy delivered his speech in the inaugural session.

The Sixth International Conference also held the full backing of the Indonesian government. The President of Indonesia had agreed to inaugurate the conference but due to his last minute engagement H.E. Jusuf Kalla, Vice President of Indonesia inaugurated the conference, while H.E. Burhanuddin Ahmed Abdullah Governor, Bank of Indonesia delivered the welcome address, the Bank of Indonesia being one of the co-organizer of the conference.

It is also worth noting that the premier Islamic institution of Muslim countries, the Islamic Development Bank, actively supported the first two conferences. Its President, Dr. Ahmed Mohammad Ali delivered the Keynote Address at the occasion of the Second International Conference. For all future conferences the Islamic Development Bank participated as a co-organizer and also provided most of the logistic support.

3. Institution Building

A unique contribution of these conferences is that it led to the establishment of several institutions in the field of Islamic Economics and Finance. The intellectual awakening created by these conferences led to creation of these institutions. The King Abdulaziz University, which organized the first international conference followed up by establishing the first research centre in the field of Islamic economics in the modern times under the name, "International Centre for Research in Islamic Economics" in 1977. The centre led the research activity all over the globe and in 1983 started the first refereed professional journal in the field of Islamic economics, the "*Journal of Islamic Economics*".

The establishment of the Islamic Research and Training Institute at the Islamic Development Bank was also affected, though indirectly, by the reawakening created by the first conference. The Islamic Development Bank, which was itself established shortly before holding the first international conference, immediately realized the importance of the research activities and constituted a committee which largely comprised of the same leading personalities who were the spirit behind the first international conference for the establishment of a research institute. After due deliberations, the Islamic Research and Training Institute emerged on the research horizon in 1981. This institute has now become one of the most active centres for research and training in the area of Islamic economics and finance. It has produced several hundreds research papers and monographs and has organized hundreds of conferences, seminars, workshops and training programmes in the area of Islamic economics and finance. In 1993 it also started a refereed professional journal, "*Islamic Economic Studies*".

The second international conference held in 1983 in Islamabad led to further institutional development. It was at that conference that the participants decided to establish the "International Association for Islamic Economics" The Association was established in 1984 and thereafter the responsibility of organizing international conferences was given to this Association. In addition to promoting research through holding of international conferences the Association also started a refereed professional journal in 1991, the "*Review of Islamic Economics*".

The second international conference also led to the establishment of the "International Institute of Islamic Economics (IIIE)" at the International Islamic University, Islamabad in 1983 in response to one of the recommendations of that conference. It is pertinent to note that the prestigious international prizes established by the Islamic Development Bank to recognize the contributions made to Islamic economics and banking were awarded to the Centre for Research in Islamic Economics, Jeddah in 1993 and to the International Institute of Islamic Economics in 1999, the two institutions established in response to the recommendations of the first two conferences.

The third international conference which was hosted by the International Islamic University, Malaysia also made a contribution to the institution building. By that time a number of research and training institutions had been established in several countries. Therefore, at that conference, a Standing Coordination Committee was established to coordinate research and training activities of the participating institutions. The Islamic Development Bank offered the necessary infrastructure and the Islamic Research and Training Institute was nominated to serve as the secretariat of that committee.

4. Setting the Agenda for Contemporary Research in Islamic Economics and Finance

It is worth noting that preparation for all the conferences were very elaborate and spanned over a period of 15-18 months in each case. In the beginning a Steering Committee was always established to oversee the preparations for the conference both academic and administrative. The Steering Committee used to establish several sub-committees, the prominent among which were the Academic committees. These committees were headed by the leading scholars of the field such as Prof. Anas Zarqa, Dr. Umer Chapra and Dr. Mabid Al-Jarhi . The members of these committees were also very prominent scholars. These committees by choosing the themes and areas for papers to be presented in various conferences set the agenda for contemporary research in the field of Islamic economics and finance.

The Makkah conference of 1976, being the first in the series started with a broader agenda. No specific theme was fixed for the conference but the following areas were identified for prospective contributions:

7. Concept and Methodology of Islamic Economics.
8. Survey and Examination of Contemporary Literature on Islamic Economics.
9. Theories of Production and Consumption in an Islamic Community.
10. The Role of the State in an Islamic Economy.
11. Insurance within the Framework of the Islamic Shariah.
12. Interest-Free Banks.
13. Zakat and Financial Policy.
14. Economic Development within the Framework of Islam.
15. Economic Co-operation among Muslim Countries.

For all other conferences a specific theme was chosen and papers were invited so as to build research around that theme. These themes reflected the current developments as well as future needs of research in the discipline. The themes of various conferences are given in Table-1.

Table-1
Themes of Previous Conferences

Conference	Theme
First Conference, Makkah, 1976	General
Second Conference, Islamabad, 1983	Development, Finance and Distribution in Islamic Perspective
Third Conference, Kualalumpur, 1992	Financing Development from Islamic Perspective
Fourth Conference, Loughborough, 2000	Islamic Finance: Challenges and Opportunities
Fifth Conference, Bahrain, 2003	Sustainable Development in Islamic Finance in Muslim Countries
Sixth Conference, Jakarta, 2005	Islamic Economics and Banking in the 21 st Century

5. Contribution to Research

Obviously the most important contribution that these conferences have made is the research produced in the form of papers presented to these conferences. A complete list of papers presented at various conferences is given in Annexure-1. A summary is presented in Table-2 below:

Table-2
Number of Papers Presented in Various Conferences

<i>Conference</i>	<i>Number. of Papers Presented</i>
First Conference	25
Second Conference	25
Third Conference	16
Fourth Conference	24
Fifth Conference	25
Sixth Conference	30
Total	145

These papers covered a wide variety of subjects. However, some areas received more attention than others. In order to evaluate the contribution of these conferences in various areas, I have attempted to classify them in some professional classification systems. For this purpose I reviewed three classification systems i.e. that of the Journal of Economic Literature, the one used by Dr. Nejatullah Siddiqi in his 1976 and the one used by Akram Khan in his three-volume Annotated Bibliography of Islamic Economics (1988-1997). I did not find any of them fully satisfactory. Therefore, benefiting from them, I propose the following classification systems to assess the contribution of writers in the field of Islamic economics and finance.

Table-3
Proposed Classification System for Islamic Economics and Finance Literature

000	Philosophy and History of Islamic Economic Thought
100	Critique of Contemporary Economic Thought and Institutions
200	Economic Theory from an Islamic Perspective
300	Analysis of Classical Economic Institutions of Islamic Economic System
400	Contemporary Financial Instruments and Institutions
500	Monetary and Fiscal Issues
600	Trade, Aid, Sustainable Development and Globalization
700	Basic Needs, Poverty Alleviation and Income Distribution
800	Fiqh and Shariah Issues
900	Miscellaneous

Using this classification system I have classified the contributions of the last six conferences into the areas identified above. These are shown in Table-4.

Table-4
Number of Contribution in Various Areas

	Area	Number of Contributions
000	Philosophy and History of Islamic Economic Thought	6
100	Critique of Contemporary Economic Thought and Institutions	0
200	Economic Theory from an Islamic Perspective	15
300	Analysis of Classical Economic Institutions of Islamic Economic System	12
400	Contemporary Financial Instruments and Institutions	46
500	Monetary and Fiscal Issues	13
600	Trade, Aid, Sustainable Development and Globalization	22
700	Basic Needs, Poverty Alleviation and Income Distribution	21
800	Fiqh and Shariah Issues	6
900	Miscellaneous	4

6. Contribution to Published Literature

In each Conference, a complete record of all papers presented in the conferences as well as discussion papers was kept and after due preparation and editing books were published based on the proceedings of various conferences. These books are one of the most important additions to the literature of Islamic economics and finance and have been widely used and quoted by researchers.

The proceedings of the First Conference were published by the King Abdulaziz University, Jeddah in two volumes, one in English and one in Arabic. The proceedings of the Second Conference were published by the Islamic Foundation, UK, while the proceeding of the Third Conference were published by the Islamic Research and

Training Institute, Jeddah. By the time the Fourth Conference was held in UK, the interest in Islamic economics and finance had spread well beyond Muslim countries. It was, therefore, decided that this interest justifies academic outreach to well known international publishers through whom the literature on Islamic economics and finance can reach most of the Western libraries and research circles. Contacts with some international publishers were made and after seeing the quality of papers presented in the Fourth Conference, Edward Elgar agreed to publish a volume consisting of eleven papers. This volume was issued in 2002. The remaining papers of the conference were published in two separate volumes by the Islamic Foundation, UK. This attracted attention of other international publishers. After the Fifth International Conference held in 2003, successful negotiations with another prominent international publisher, Palgrave MacMillan led to the publication of all papers of the Fifth Conference by them in four volumes. The publication of these volumes by such prominent publishers brought the literature of Islamic economics and finance to the international scene. In subsequent years, these and other prominent publishers continued to publish books on Islamic economics and finance from other authors.

A complete record of the publications emerging from the last six conferences is given in Table-5.

Table-5
Publications Emerging from the First Six Conferences

Conference	Title of Publication	Publisher	Year of Publication	Editor(s)
First Conference	Studies in Islamic Economics	International Centre for Research in Islamic Economics, King Abdulaziz University, Jeddah and The Islamic Foundation, UK	1980	Khurshid Ahmad
	الاقتصاد الإسلامي	المركز العالمي لأبحاث الاقتصاد الإسلامي جده	١٩٨٠	محمد أحمد صقر خورشيد أحمد محمد نجاة الله صديقي محمد انيس الزرقا
Second Conference	Distributive Justice and Need Fulfilment in an Islamic Economy	International Institute of Islamic Economics, Islamabad and The Islamic Foundation, Leicester, UK	1988	Munawar Iqbal
Third Conference	Financing Development in Islam	Islamic Research and Training Institute, Islamic Development Bank, Jeddah	1996	M.A. Mannan

Fourth Conference	Islamic Banking and Finance: Current Developments in Theory and Practice	Islamic Foundation, Leicester, UK	2001	Munawar Iqbal
	Islamic Banking and Finance: New Perspectives on Profit-Sharing and Risk	Edward Elgar, Cheltenham, UK, Northampton, MA, USA	2002	Munawar Iqbal and David T. Llewellyn
	Islamic Economic Institutions and the Elimination of Poverty	The Islamic Foundation, Liecester, UK	2002	Munawar Iqbal
Fifth Conference	Islamic Perspectives on Sustainable Development	PalGrave MacMillan, UK & USA	2005	Munawar Iqbal
	Islamic Finance and Economic Development	PalGrave MacMillan, UK & USA	2005	Munawar Iqbal and Ausaf Ahmad
	Financial Engineering and Islamic Contracts	PalGrave MacMillan, UK & USA	2005	Munawar Iqbal and Tariqullah Khan
	Poverty in Muslim Countries and the New International Economic Order	PalGrave MacMillan, UK & USA	2005	Munawar Iqbal and Habib Ahmed
Sixth Conference	Advances in Islamic Economics and Finance, Volume 1	Islamic Research and Training Institute, Islamic Development Bank, Jeddah	2007	Munawar Iqbal, Salman Syed Ali and Dadang Muljawan
	Advances in Islamic Economics and Finance, Volume 2	Islamic Research and Training Institute, Islamic Development Bank, Jeddah	Forthcoming in 2008	Munawar Iqbal, Salman Syed Ali and Dadang Muljawan

7. Encouraging New Writers

In the process of selection of papers the academic committees of all the conferences gave due weight to encouraging new writers without sacrificing minimum level of quality. This is reflected in the list of writers of the papers given in Annexure-1. At the same time an attempt was made to keep the community of old writers involved either by soliciting commissioned papers/lectures or by appointing them as discussants or panelists in panel discussions. While the list of writers shows many new names, one must recognize that we failed to convert them into accomplish writers which was the initial intention of giving them a chance. The list shows that there are only a couple of names which followed up with more papers in subsequent conferences.

8. Summary and Conclusions

The above presentation shows that the six conferences held so far have made a significance contribution in terms of institution building, promotion of research and producing quality literature on Islamic economics and finance. However, there are certain aspects which did not receive the attention that they deserved.

In Annexure-2 we present the communiqués/recommendations of all previous conferences. While this will help in keeping historical records, a review of the recommendations of various conferences is a more important reason for which these are being presented. It is regrettable that no mechanism has been created to ensure the implementation of the recommendations of these conferences or at least making follow up efforts. The International Association for Islamic Economics, establishment of which was a significant achievement, has not performed up to the expectations associated with it. It has to its credit the organization of the last four conferences, starting a professional journal and the publication of the proceedings of these conferences. However, most of this was done through individual efforts rather than an institutional mechanism. The Association remains a group of dedicated individuals but the number of its members has remained very low. Despite efforts at the occasion of each conference for new membership, no significant result has been achieved due to lack of a follow up mechanism. The Journal of the Association has also been an on-again, off-again experience. No doubt that the lack of funds has been an important reason for these shortcomings but in my view it is a failure to convert a group of dedicated individuals into a dynamic institutional set up.

Due to the tremendous international interest, the number of seminars and conferences being held from different forums has increased manifold in recent years. The series of conferences spearheaded by the International Association for Islamic Economics can no longer be considered as the front runner for attracting international attention. As mentioned above, at the occasion of the third international conference held in Kuala Lumpur a Coordination Committee was constituted to coordinate teaching and research at the global level. Unfortunately this committee has also not been able to perform its functions successfully.

The renaissance initiated by the Makkah Conference created many institutions as mentioned above either directly or indirectly. However, with the passage of time the movement has lost steam and commercial interest have taken precedence over academic excellence. Some institutions have lost their real direction and some have even been closed. Therefore, while we should take genuine credit for the achievements listed above it is time to give more attention to our failures so that the spirit of 1976 can be continued with additional vigor and strength.

**A Complete List of Papers Presented in the
First Six Conferences**

First Conference Papers		
English Volume		
<i>SN</i>	<i>Title</i>	<i>Author</i>
1	Islamic Economics: An Approach to Human Welfare	Dr. Anas Zarqa
2	A Contribution to the Theory of Consumer Behaviour in an Islamic Society	Dr. Monzer Kahf
3	Some Conceptual and Practical Aspects of Interest-Free Banking	Dr. Muhammad Uzair
4	Money, Interest and <i>Qirad</i>	Dr. Mahmud Abu Saud
5	The Relative Efficiency of Interest-Free Monetary Economics: The Fiat Money Case	Dr. Mabid Ali Mohamad Mahmoud Al-Jarhi
6	<i>Zakat</i> and Fiscal Policy	Dr. F.R. Faridi
7	The Political Context of Islamic Economics	Dr. Ijaz Shafi Gilani
8	The Islamic Welfare State and its Role in the Economy	Dr. M. Umar Chapra
9	Economic Development in an Islamic Framework	Khurshid Ahmad
10	Muslim Economic Thinking: A Survey of Contemporary Literature	Dr. Muhammad Nejatullah Siddiqi
11	Contemporary Turkish Literature on Islamic Economics	Dr. Sabahuddin Zaim
Arabic Volume		
<i>SN</i>	<i>Title</i>	<i>Author</i>
1	Islamic Economics – Basic Concepts	Dr. Mohammad Sakr
2	Islamic Economic Doctrines	Dr. Mohammad Shawqi al-Fanjari
3	Meaning of Islamic Economics	Sheikh Manna' Qattan
4	The Just Price in Islam	Dr. Hasan O. Balkhi
5	Social Function and Consumer Behaviour: An Islamic Formulation of Selected Issues	Dr. Mohammad Anas al-Zarqa
6	Economic Role of the State in Islam	Sheikh Muhammad al-Mubarak
7	Role of <i>Zakat</i> in the Solution of Economic Problems	Dr. Yousuf al-Qardawi
8	The Concept of Justice in Taxation and <i>Zakat</i> during the Early Islamic Period	Dr. Atif al-Sayyed
9	Role of Financial and Accounting Theory in the Implementation of <i>Zakat</i>	Dr. Muhammed Saied Abdus Salam
10	Our Approach to a Distinct Theory of Islamic Economics	Dr. Ahmad al-Najjar
11	Insurance and its Place in Economic Life	Sheikh Mustafa al-Zarqa
12	The Position of <i>Shariah</i> on Insurance Contracts	Dr. Hussain Hamid Hassan
13	Insurance and Some Doubts Relating to it	Dr. Jalal al-Sayyad
14	Economic Cooperation between Muslim Countries	Hasan Abbas Zaki

Second Conference Papers		
English Papers		
SN	Subject	Author(s)
1	Labor and Capital Concepts	Ahmed Tabakoglu
2	Poverty, Inequality and the Role of Some Islamic Economic Institutions	Ataul Huq
3	An Institutional Framework for Capital Formation in an Islamic Economy	Aqeel A. Ansari
4	Guarantee of a Minimum Level of Living in an Islamic State-Basis in Shariah, Rationale and Contemporary Implications	Muhammad Nejatullah Siddiqi
5	The Economics of Poverty in Islam with Special Reference to Muslim Countries	M.A. Mannan
6	Distributional Equity in Islam	Zubair Hasan
7	A Macro Theory of Distribution in Islamic Economy	Ausaf Ahmad
8	International Monetary Order and OPEC's Surplus Funds: The Implications for Islamic World	Ilhan Uludag Oksay
9	Effects of the Elimination of Riba on the Distribution of Income	Ali Ahmad Rushdi
10	A Methodology for the Formulation of Urban Development Plans in the Islamic Context with an Application to Al-Madina Al-Munawara	Anis ur Rahmaan
11	Economic Implications of Islamic Land Ownership and Land Cultivation	Ahmad Mustafa Hosssein G. Askari
12	Implications of Islamic Consumption Patterns for Savings, Growth and Distribution in a Macroeconomic Framework	M. Fahim Khan
13	Public Budgeting, Capital Accumulation and Economic Growth in Islamic Framework	F.R. Faridi
14	The Concept of Economic Development in Islam	M. Raihan Sharif
Arabic Papers		
1	Outlines for Courses on Economics in Islamic Perspective	Ali Abd al Rasul
2	Categorization of Needs in Islam and its Impact on Promoting Economic Growth	Abdullah Abd al Aziz Abid
3	Wealth and Children and the Inevitability of the Golden Balance	Ahmed Al Safati
4	The System of Financial Support for Relatives in Islamic Law	Rohi Ozjan
5	Economic Relations Among Muslim Countries and their Role in Economic Development	Abd al Rahman Yusri Ahmad
6	Endowments Relating to Mosques and their Impact on Development and Distribution	Muhammad bin al Hadi Abul Ajfan
7	Islamic Endowment and their Role in Social and Economic Development in Islam	Abdul Malik al Sayed
8	Basic Needs and the Method of their Provision in Islamic State	Abedin Ahmad Salama
9	Towards an Islamic Normative Theory of Distribution	Muhammad Anas Zarka
10	Banking Operations in Islamic Framework	Rafiq al-Masri
11	Interest-free Investment in the Context of the Murabaha Contract	Hasan Abdullah al Amin

Third Conference Papers		
SN	Subject	Author(s)
1	<i>Shariah</i> Compatible Shares: A Suggested Formula and Rationale	M. Anas Zarqa
2	Financing Economic Development from Islamic Perspective	Hatem El-Karanshawy
3	Role of Equity Participation in Financing Economic Development	Rodney Wilson
4	A Simple Model of Income Determination, Growth and Economic Development on the Perspective of An Interest-Free Economy	M. Fahim Khan
5	Causes of Fiscal Problems in Muslim Countries and Some Suggestions for Reform	Munawar Iqbal
6	Is Equity Financed Budget Deficit Stable in an Interest-Free Economy	M Aynul Hasan and Ahmed Naeem Siddiqui
7	The Basic Needs Fulfilment Guarantee in Islam and A Measure of Its Financial Dimension in Selected Muslim Countries	Zubair Hasan and Muhammad Arif
8	Long Term Finance in Islamic Countries: Case Study of Pakistan	M. Akram Khan
9	Financing Economic Development in Islamic Economics: Attitudes Towards Islamic Finance in Small Manufacturing Business in Saudi Arabia	Bandar Al-Hajjar and John Preslley
10	Some Consideration on the Size of the Public Sector in the Islamic Republic of Iran	Iraj Toutounchian
11	Efficiency of the Islamic Approach to External Debt-Management in North Africa and Middle-East	I.O. Taiwo
12	The Survival and Development Strategies of the Minority of Nairobi Muslims in Nairobi	Mohammed S. Mukras
13	The Role of Finance in Development: The Ottoman Experience	Ahmet Tabakoglu
14	Public Borrowing in Early Islamic History: A Review of Some Records	M. Nejatullah Siddiqi
15	Provision of Public Goods: Role of Voluntary Sector (<i>Waqf</i>) in Islamic History	Abdul Azim Islahi
16	The Relevance of the Ottoman Cash <i>Waqfs</i> (<i>Awqaf Al-Naqud</i>) for Modern Islamic Economics	Murat Cizakca

4 th Conference Papers		
Volume-I		
SN	Subject	Author(s)
1	Decision-Making Under Uncertainty: An Islamic Perspective	Sami Ibrahim Al-Suwailem
2	Incentive-Compatible Profit-Sharing Contracts: A Theoretical Treatment	Habib Ahmed
3	Evidence on Agency Contractual Problems in <i>Mudarabah</i> Financing Operations by Islamic Banks	Abdel Fattah A.A. Khalil, Colin Rickwood and Victor Murinde
4	Incentive-Compatible Constraints for Islamic Banking: Some Lessons from Bank <i>Muamalat</i>	Adiwarman A. Karim
5	How Informal Risk Capital Investors Manage Asymmetric Information in Profit/Loss Sharing Contracts	Mohammad Abalkhail and John R. Presley
6	Choice Between Debt and Equity Contracts and Asymmetrical Information: Some Empirical Evidence	Kazem Sadr and Zamir Iqbal
7	Islamic Banking Contracts as Enforced in Iran	Ali Yasseri
8	Islamic Financial Institutions of India: their Nature, Problems and Prospects	M.I.Bagsiraj
9	The Interface Between Islamic and Conventional Banking	Rodney Wilson
10	Alternative Visions of International Monetary Reform	M. Umer Chapra
Volume-II		
SN	Subject	Author(s)
1	An Economic Explication of the Prohibition of <i>Gharar</i> in Classical Islamic Jurisprudence	Mahmoud A. El-Gamal
2	Limited Liability, Moral Hazard and Financial Constraints in Profit-Sharing Contracts	Abdel-Hameed Bashir
3	Social Norms and Trading Rules: The Means to Reduce Moral Hazard in Islamic Financial Contracts	Salman Syed Ali
4	Regulation of the Stock Market in an Islamic Economy	Mohammed Obaidullah
5	Attitudes Towards and the Probability of Applying the Profit/Loss-Sharing Method of Finance by Western Small Business Firms	Abulkhair Jalaluddin
6	Using Secondary Markets for External Debt to Convert <i>Riba</i> Contracts into Equity Investments	Mohammed Akacem
7	On the Relative Efficiency of an Interest-Free Monetary System: Some Empirical Evidence	Ali F. Darrat
8	Islamic and Conventional Banking in the 1990s: A Comparative Study	Munawar Iqbal
Volume-III		
SN	Paper	Author(s)
1	The Elimination of Poverty: Challenges and Islamic Strategies	Ismail Sirageldin
2	Poverty Elimination in an Islamic Perspective: An Applied General Equilibrium Approach	Hafiz Mohammad Yasin and Sayyid Tahir
3	Microfinancial Services and Poverty Alleviation in Bangladesh: A Comparative Analysis of Secular and Islamic NGOs	M. Kabir Hassan and Dewan A.H. Alamgir
4	The Elimination of <i>Riba</i> : A Measure Truly Dedicated to Poverty Alleviation	Seif El-Din I. Tag El-Din
5	The Problem of Risk and Insurable Interest In <i>Takaful</i> : A Jurisprudential Analysis	Mohammad Daud Bakar
6	Latest Developments in the Western Non-Profit Sector and the Implications for Islamic <i>Awqaf</i>	Murat Cizakca

5th Conference Papers		
Volume 1: Islamic Perspectives on Sustainable Development		
SN	Paper	Author(s)
1	Sustainable Development: An Evaluation of Conventional and Islamic Perspectives	<i>Abd al-Rahman Yousri</i>
2	STAKEHOLDERS MODEL OF GOVERNANCE IN ISLAMIC ECONOMIC SYSTEM	<i>Zamir Iqbal and Abbas Mirakhor</i>
3	Economic Development, Openness to Trade and Environmental Sustainability in Developing Countries	<i>Savas Alpay</i>
4	PROBLEMS OF POST-CONFLICT SOCIETY ON IT'S PATH TOWARDS SUSTAINABLE DEVELOPMENT: LESSONS FROM BOSNIA AND HERZEGOVINA	<i>Fikret Hadzic</i>
5	Financial Development and Economic Growth in Some Muslim Countries	<i>Abdel-Hameed Bashir and M. Kabir Hassan</i>
6	Return Volatility, Predictability and Dynamic Relationships in the OIC Stock Markets	<i>M. Kabir Hassan</i>
Volume 2: Islamic Finance and Economic Development		
SN	Subject	Author(s)
1	Islamic Finance and Development	<i>Mabid Ali Al-Jarhi</i>
2	Islamic Financial System and Economic Growth: An Assessment	<i>Habib Ahmed</i>
3	The Role of Islamic Financial Institution in Sustainable Development	<i>Abul Hassan and AbdelKader Chachi</i>
4	Efficiency of Islamic Banks in Malaysia	<i>Mariani Abdul Majid, Nor Ghani Mohammed Nor and Fatin Faezah Said</i>
5	An Analysis of the Relationship Between Interest free Financing System and Sustainable Development: The Case of Iran	<i>Yadollah Dadgar</i>
6	Effects of Implementing Non-interest Banking System on Monetary Policy Controllability and Policy-Goals Links in Iran	<i>Karim Eslamloueyan and Morteza Heidari</i>
7	The Role of Islamic Finance in Industrial Projects in the State of Kuwait	<i>Javed Hussain and Sherifa Marafi</i>
8	The Role of Islamic Banks in Economic Growth: The Case of Jordan	<i>Said Al-Hallaq</i>
Volume 3: Financial Engineering and Islamic Contracts		
SN	Paper	Author(s)
1	<i>Fiqhi</i> Issues in Commodity Futures	<i>Mohammad Hashim Kamali</i>
2	Commodity Derivatives: An Islamic Analysis	<i>Muhammad al-Bashir Muahmmad al-Amine</i>
3	<i>Shari</i> / <i>Ah</i> Alternatives to Government Bonds	<i>Abdul Latif A Rahim Janahi</i>
3	Potential Use of <i>Salam</i> Financing in Malaysia	<i>Saiful Azhar Rosly and Hamdan Hj Ismail</i>
5	Optimal Sharing Contracts	<i>Sami I. al-Suwailem</i>
Volume 4: Poverty in Muslim Countries and the New International Economic Order		
SN	Paper	Author(s)
1	Globalization: Islamic Perspective, Challenges and Prospects	<i>Khurshid Ahmad</i>
2	The Implications of Globalization for Islamic Finance	<i>Rodney Wilson</i>
3	New International Economic Order and its Effects on the Development of Muslim Countries	<i>Toseef Azid and Muhammad Omer Chaudhury</i>
4	Population Pressure, Savings, Investment and Growth In The Islamic World	<i>Hossein Pirasteh and Farzad Karimi</i>
5	Corruption And Development: An Islamic View	<i>Yousif Khalifa Al-Yousif</i>
6	Poverty in Nigeria: Towards an Islamic Solution	<i>Sule Ahmed Gusau</i>

Sixth Conference Papers		
Volume I		
SN	Paper	Author(s)
1	Redistributive Justice in A Developed Economy: An Islamic Perspective	Mabid Ali Al Jarhi & Anas Zarqa
2	Islamic Economics and Finance: Where Do They Stand?	Masudul Alam Choudhury
3	Risk Measurement and Disclosure in Islamic Finance and the Need to Promote Product Innovations	V. Sundararajan
4	Transparency and Market Discipline in Islamic Banks	Noraini Mohd Ariffin, Simon Archer and Rifaat A. Abdel Karim
5	A Design for Islamic Banking Rating System: An Integrated Approach	Dadang Muljawan
6	Banking on Islam? Determinants of Corporate Social Responsibility Disclosure	Sayd Farook, Roman Lanis
7	Stakeholders' Perceptions of Social Responsibility of Islamic Banks: Evidence from Malaysian Economy	Asyraf Wajdi Dusuki and Humayon Dar
8	Evaluating the Social Responsibility of Islamic Finance: Learning from the Experience of Socially Responsible Funds.	Beebee Salma Sairally
9	Evaluation of Islamic Banking Performance: On the Current Use of Econometric Models	Zubair Hasan
10	An Evaluation of Special Finance Houses: A Case Study on Turkey	Savas Alpay
11	Islamic Investment: Evidence from Dow Jones and FTSE Indices	Khalid Hussein
12	An Inquiry into Alternative Models of Islamic Banking	Muhammad Iqbal Anjum
13	Non-Interest Resource Mobilization for Public Projects-The Use of Islamic Endogenous Loans	Rodney Shakespeare
14	Analysis on the Feasibility of Musharakah Mutanaqisah Implementation in Indonesian Islamic Banks	Dodik Siswantoro and Hamidah
15	Necessary Legal Reform to Create Legal Basis for Effective Islamic Asset Securitization (Sukuk) in Indonesia	Reza Djojogugito
Volume II		
1	Income Ratio and the Risk-sharing of Optimal Contracts: The Break-even Theory of <i>Mudarabah</i>	Seif el Din Tag el Din
2	Reviewing the Concept of Shares: Towards a Dynamic Legal Perspective	Faizal Ahmad Manjoo
3	Islamic Law, Adaptability and Financial Development	Habib Ahmed
4	Profit Versus Riba in Exchange Context: Theoretical Foundations for Stable Financial System in Islamic Perspectives	Elmi M. Nur
5	Speculative Capital: An Islamic View	Yousif Khalifa Al-Yousif
6	The Quantum Enigma and Islamic Sciences of Nature: Implications for Islamic Economic Theory	Waleed El-Ansary
7	Consumer Behaviour of Islamic Banking in Indonesia: Quantitative Approach	Adiwarman A. Karim and Adi Zakaria Affif
8	A Review on the Possibility of Using Mosque Institution to Run Microcredit Program Based on the Grameen Bank Group Lending Model	Asry Yusoff
9	Measuring Depositors' Behaviour of Malaysian Islamic Financial System: A Co integration Approach	Sudin Haron and Wan Nursofizan Wan Azmi
10	Islamic Financial Ideology & Chinese Muslim Financial Behaviours	Liu Tianming

11	Basel II and Capital Requirements for Islamic Banks	M. Kabir Hassan and Mehmet F. Dicle
12	Basel II: Implications for Islamic Banking Outlines	Monzer Kahf
13	Cyclical Patterns in Profits, Provisioning and Lending of Islamic Banks and Procyclicality of the New Basel Capital Requirements	Abd. Ghafar b. Ismail and Ahmad Azam b. Sulaiman
14	Securitization : Sukuk and Fund Management Potential to be Realized by IFIs	Muhammad Ayub
15	Sukuk, Securitization and Secondary Markets	Nathif Jama Adam

Communiqués/Recommendations of

First Six Conferences

First Conference Communiqué

Thanks to Allah Almighty, the First International Conference on Islamic Economics was held in Holy Makkah, Safar 21-26, 1396H. (February 21-26, 1976) at the invitation of King Abdul Aziz University and under the auspices of the faculty of Economics and Business Administration.

The Conference discussed all the papers and studies submitted to it on the following issues:

- (1) Concept and Methodology of Islamic Economics.
- (2) Survey and Examination of Contemporary Literature on Islamic Economics.
- (3) Theories of Production and Consumption in an Islamic Community.
- (4) The Role of the State in an Islamic Economy.
- (5) Insurance within the Framework of the Islamic *Shariah*.
- (6) Interest-Free Banks.
- (7) *Zakdt* and Financial Policy.
- (8) Economic Development within the Framework of Islam.
- (9) Economic Co-operation among Muslim Countries.

The Conference expressed its satisfaction at the general standard of these papers and the positive and constructive tone of deliberations, which together contributed to a clarification of the issues and an enrichment of the science of Islamic Economics.

The participants stressed the need for continuing research on various aspects of Islamic Economics, to add to its depth and proper organisation, and to create planned co-operation among scholars from all corners of the world to achieve this objective.

Contemporary civilisation, whether Capitalist or Marxist, despite its material achievements, has led both individuals and societies into conflict, division, anxiety and loss of purpose. Technology has been given preference over man's peace, security and stability.

The Muslim nation has suffered from imperialism and backwardness for generations and its peoples have been forced into an attitude of subservience and imitation. But now this nation has clearly realised the need for originality in thought and practice of true Islam, to realise the reason for its existence, to release its energies and to motivate it for action. It has to concentrate all its positive and constructive efforts in clarifying its course of action and surmounting the attitude of subservience and imitation. This needs to be done if this nation is to save itself from backwardness and humility and to play a leading role in the guidance of humanity.

The participants agreed that the Islamic faith does not merely define the relation of man to Allah, but also provides the *Shariah* that safeguards human interests, harmonizes all aspects of life and pays as much attention to economic affairs as to all other aspects of human welfare.

They agreed that the norms and values of Islam constitute the foundation of the economic system of Islam.

The participants confirmed that this economic system would be ineffective if it is not accompanied by the practice of all aspects of the comprehensive Islamic system.

The participants stated their belief that the Islamic economic system is a unique system based on a well-defined economic philosophy. The basic principles of the system are founded on *tawhid* and are derived from the Qur'an and *Sunnah*.

The participants confirmed that Muslims ought to be the first in adopting this system. They should do their utmost to expound it, rather than waste their energies in forcing it into the mould of alien systems that have led them to false and confused solutions.

Islam is the only means of saving humanity from its present spiritual and material crises and of replacing the civilization of matter with a civilization for man. It is the moral obligation of Muslims to convey the message of this civilization to humanity.

"Verily this is My Way, heading straight; follow it; follow not other paths. They will scatter you away from this (great) path" (6: 153).

To realize these objectives, the Conference approved the following recommendations:

(1) Universities should carefully attend to the teaching of Islamic Economics, supporting research in this area and providing basic facilities for this purpose, whether through specialized libraries, research units, full time research scholarships, publication of periodicals, exchange programmes and the establishment of scientific associations.

(2) It is the duty of all universities and educational institutions of the Muslim world to develop their economics curricula along Islamic lines. This will help create an Islamic outlook in the new generation and leadership and help bring about conformity between the faith and practice of the Muslims.

(3) The King Abdul Aziz University should, as part of its constructive efforts in the academic field for the service of Islam and the *Ummah*, establish an international centre for the study of Islamic economics. This centre should operate under the guidance of a Supreme Council composed of Muslim scholars in *Shariah* and Economics from various countries. This centre should endeavour also to coordinate and support international research at the highest level of scholarship. The centre should direct its efforts to:

(a) the establishment of a specialised library that would collect scholarly works in the field of Islamic Economics in various languages and issue catalogues to research scholars everywhere;

(b) conduct and support theoretical and applied research in various fields of Islamic Economics, publish textbooks in this field for the use of Muslim

universities, and organise training courses for Muslim economic establishments;

(c) provide research facilities and scholarships for visiting Muslim scholars to undertake research in their fields of interest;

(d) promote co-operation in the field of Islamic economic research among various universities and institutions;

(e) publish research papers and periodicals in Islamic Economics;

(f) help establish chairs for the teaching of Islamic Economics, provide scholarships for research in this field, and promote lectures with conferences and regional symposia.

(4) The International Conference on Islamic Economics should be reconvened every two years, with specialised seminars being held more often.

It was recommended that the theme of the next Conference should be "Development in the Framework of Islamic Economics" and that the first seminar be convened within nine months to discuss the subject of "Monetary Policy and Institutions within an Islamic Framework".

(5) A permanent secretariat should be established for the Conference on Islamic Economics with headquarters at the King Abdul Aziz University under the direction of the Chairman of the Conference or his Deputy.

The Secretariat should immediately begin preparations for the following conferences and seminars, implementing the recommendations of the Conference, drafting a charter and rules and regulations for this conference and the Secretariat, which may be presented to the next Conference.

To replace commercial insurance, it was recommended that a specialised committee of Muslim "*Ulama*" and Economists should work on developing a system of insurance which is free from *riba* and speculation, which would promote co-operation in the Islamic spirit and would conform to the conditions of the *Shariah*.

(6) It was recommended that all Muslim countries should make their laws as well as social and economic institutions conform to the principles of the *Shariah*.

The Conference felt that Commercial Insurance as presently practised does not realise the *Shariah* aims of co-operation and solidarity because it does not satisfy the Islamic conditions for it to become acceptable.

(7) The King Abdul Aziz and other Muslim universities should develop an interim one-year graduate course of study in Islamic *Shariah* specially designed for social scientists to help them in reformulating social sciences including economics to conform with Islamic Laws.

(8) The Conference Secretariat should prepare and publish the reports and recommendations of various committees on the proceedings of this Conference.

(9) The Chairman of the Conference was requested to submit to His Majesty King Khalid Bin Abdul Aziz and His Royal Highness Crown Prince Fahd Bin Abdul Aziz the participants' sincere thanks for the support and encouragement as well as heart-felt appreciation for the sincere efforts and generous support to the Muslim *Ummah* and *Da'wah*.

The Conference expressed its sincere gratitude to H.R.H. Prince Fawwaz Bin Abdul Aziz the Governor of the Province of Makka.

The Conference expressed its deep gratitude to H.E. the Minister of Higher Education, and Head of the World Association of Muslim Youth, Shaikh Husain Bin Abdullah Al-Shaikh for his great help and hospitality.

The Conference expressed its heart-felt gratitude to the Muslim people of Saudi Arabia for their hospitality and warm reception.

The Conference greatly appreciated the very extensive efforts of King Abdul Aziz University and its Acting President, the Steering Committee, the Executive Committee, the various Committees in the Conference, the Faculty of Economics and Administration and the Faculty of *Shariah* at King Abdul Aziz University, and their staff.

Suggestions and Recommendations of the Committees

1. Committee on the Concept and Methodology of Islamic Economics:

-Development of the Islamic Economic concept is based on the following:

- (i) The belief that the universe belongs to Allah and that all wealth belongs to Allah.
- (ii) That Man is a trustee of what he possesses of the bounties of God.
- (iii) That private ownership approved by Islam is within the framework of the proper means of earning and spending and satisfaction of the obligations on wealth.
- (iv) The economic system of Islam achieves social equilibrium and solidarity.

2. Committee on the Survey of Contemporary Literature on Islamic Economics:

- (i) Formation of a Committee to compile a dictionary of Islamic

Economics terminology in different languages, (ii) Survey and development of references and *Ijtihad* throughout the history of the Muslim nation to promote Islamic Economics.

3. Committee on a Study of the Theories of Production and Consumption in the Islamic Community:

- Making use of mathematical analyses in the study of Islamic Economics.

4. Committee on the Teaching of Islamic Economics:

-The need for teaching Islamic jurisprudence pertaining to human relations in transactions and its principles in the Faculties of Commerce, Economics and Administration in the universities of Muslim countries.

5. Committee on Interest-Free Banks:

(i) Calling on Muslim Governments to bolster the existing Islamic banks and propagate and extend the scope of interest-free banking.

(ii) Arranging for the training of personnel in Islamic banks so as to achieve higher standards and greater efficiency.

6. Committee on *Zakat* and Fiscal Policy:

- Stressing the obligation of *Zakat* with a view to ensure social justice in Muslim countries.

7. Committee on Economic development in an Islamic Framework:

-Conduct a Comprehensive Survey of experiences in the field of Islamic Economics and encourage participation in scientific research in Muslim countries.

Second Conference Communiqué

Thanks to Allah Almighty, the Second International Conference on Islamic Economics was held in Islamabad on 4-8 Jumada II 1403 (March 19-23, 1983) under the auspices of the School of Economics, Islamic University, Islamabad. The theme of the Conference was 'Development, Finance and Distribution in Islamic Perspectives'. Besides discussing 25 papers presented at the Conference, the deliberations included the holding of two Open Forums on 'Development Strategy in an Islamic State' and 'Teaching of Islamic Economics'. Occasion was also taken to hold two Extension Lectures, one on the subject of "Islamic Approach to Development" and the other on "Recent Developments in Islamic Economics". Five working groups were set up on topics related to the theme of the Conference to give concentrated attention to issues of outstanding importance. These related to

1. Teaching of Islamic Economics
2. Islamic Banking in Theory and Practice
3. Problems of Profit-Sharing and their Solution
4. Issues Relating to *Zakah* and *Ushr*
5. Development Strategy in an Islamic Framework.

The participants agreed that the Islamic faith does not merely define the relation of man to Allah Almighty but also provides comprehensive guidance for all walks of life. Islam stands for the fulfillment of all moral and material needs of all human beings as the vicegerents of Allah on the earth; and ensures the establishment of a just social order. Islam expects its followers to deal with everyone on the basis of '*Adl* and '*Ihsan*. At the same time it makes it obligatory on an Islamic community to end all forms of *Zulm* (injustice and exploitation) to ensure the fulfillment of the basic requirements of a decent life for the entire population and to achieve self-reliance and integrated development of the *Ummah*. *Zakah* and absence of interest-based-transactions are two of the most distinguishing features of an Islamic economy. The discussions in the Conference clearly brought out that an economic system based on Islamic principles should result in dynamic growth, equitable distribution of income and wealth and a total restructuring of the economy.

The participants recognized that the socio-economic conditions prevailing in present day Muslim societies are not in consonance with the Islamic ideal. Large sectors of population in a number of Muslim countries are afflicted with abject poverty, and there are glaring inequalities of income and wealth. Economic exploitation by colonial powers had played an important part in impoverishing the Muslim World on others. Muslims had an opportunity to reorder their economic and social life in accordance with Islamic teachings after gaining independence but in most countries alien models of development were followed with unfortunate results. The participants emphasized the urgent need of re-appraisal of socio-economic policies pursued so far and a reorientation of these policies in accordance with the guiding principles provided by Islam.

The participants agreed that highest priority should be accorded to meeting the necessities of socio-economic life of individuals and of society, achieving collective self-reliance in the Muslim World enabling them to play the role of *Shuhada' 'ala al-Nas*. ? This requires pursuit of policies aimed inter alia at providing adequate

employment opportunities so that the people are enabled to meet their economic needs by their own earnings. The *zakah* system would provide necessary assistance to those who are disabled and whose earnings do not suffice to meet their needs. The participants were of the view that if all the factors affecting production, exchange and distribution relations in a society are organized on the basis of Islamic precepts, the *zakah* system alone may normally suffice for providing social security to those who need it. However, it was realized that on account of colonial exploitation in the past and pursuit of inappropriate policies, the extent of poverty in number of Muslim countries was of such a magnitude that *zakah* resources would need to be supplemented by other resources to fulfill the basic needs of the population. At the same time, steps should be initiated to restructure the economic system and bring about such institutional and other reforms are necessary to eradicate mass poverty.

The participants agreed that in view of the clear prohibition of *Riba* by Islam it is necessary to remodel the monetary and financial system in Muslim countries on a basis other than interest. The general view was that the principle of profit-sharing, which is permitted by the *Shariah*, should be the foundation of the alternative system. In this context the participants noted with satisfaction that some experience with interest-free banking and already been gained by the working of the interest free financial institutions that are functioning in several countries. They hoped that this process will be accelerated and universalized in the period ahead.

The participants greatly appreciated the work accomplished by Muslim economists since the First International Conference on Islamic Economics held at Makkah in 1976. This work has led to the crystallization of ideas on the concept of economic development in an Islamic framework, the distinguishing features of an Islamic economy, the economic objectives of an Islamic State, the monetary, fiscal and other policy instruments to achieve those objectives, and issues relating to stability, growth and equilibrium in an Islamic economy. Considerable work has also been done to work out practical alternatives to substitute the interest-based monetary and banking system. In this context, the participants were highly appreciative of the Report on the Elimination of Interest submitted by the Council of Islamic Ideology to the Government of Pakistan in June, 1980 which contains a detailed blueprint for replacing interest in all sectors of the economy by techniques which are permitted by the *Shariah*.

The Conference participants appreciated the progress made in analytical work relating to Islamic economics. They also noted with satisfaction the progress made in the establishment of institutions concerned with teaching and research in the field of Islamic Economics, namely the International Centre for Research in Islamic Economics at King Abdulaziz University, Jeddah; the Islamic Research and Training Institute establishment by the Islamic Development Bank at Jeddah; the Training Institute for Islamic Banking and Economics established by the International Association of Islamic Banks at Lefkosa in the Turkish Federated State of Cyprus and the School of Economics at their Islamic University at Islamabad. In addition, arrangements exist for teaching and research in about two dozen Universities in Muslim Countries. Full-fledged departments of Islamic economics have been started in four Universities (Islamic University, Imam Muhammad Bin Saud University, Riyadh, Ummul Qura University, Makkah, Islamic University of Omm Durman). The participants warmly welcomed the establishment of

an International Institute of Islamic Economics in the Islamic University, Islamabad by the President of Pakistan, as announced in his inaugural address.

The Conference felt that the progress made so far needs to be consolidated and advanced further. In particular, there is a need for greater coordination between the theoreticians, policy makers and practitioners for promoting Islamic Economics. Towards this end, and to best utilize the talents of Muslim economists residing in different countries in the world, the Conference recommends that an International Association of Muslim Economists be formed with a permanent Secretariat. The Conference established a Committee to take all necessary steps for incorporation and promotion of this Association.

Third Conference Communiqué

Thanks to Allah Almighty, the Third International Conference on Islamic Economics was held at Kuala Lumpur on Rajab 23-25, 1412H (January 28-30, 1992) under the joint sponsorship of the International Islamic University, Malaysia, Islamic Development Bank, Jeddah and the International Association for Islamic Economics. The Conference theme was Financing Development from Islamic Perspective.

The Conference regards development to be high priority task for all Muslim countries and communities. The Ummah of which these countries and communities are parts is required by Allah to communicate His message to humanity and demonstrate Islam by its living example. This the Ummah cannot do unless it has the strength and resilience which comes from development. At present a majority of the over one billion Muslims are in a state of poverty, illiteracy and suffering which is quite destructive of Islamic living and is sure to keep the Muslim Ummah weak, dependent and ineffective. Yet, the Muslim countries are, by the grace of Allah, also endowed with rich resources, human and natural, which constitute the potential for the Ummah effectively playing its God assigned role. Every Muslim individual, group, community and country is therefore called upon to make all possible efforts to achieve the aspirations and goals of development based on freedom, stability and justice.

Means and policies necessary to develop to the level of material and moral standards required in the light of the above must be explored by Muslim economists, *shari'ah* scholars, and other professionals and knowledgeable persons in each field of knowledge.

The Conference calls upon all concerned to contribute towards creation of the proper environment for the flowering of development efforts and required activities. The foremost characteristic of this environment is shura with all the meaningful freedom it requires, e.g. freedom of thought, expression and association, etc. Along with this freedom is the need to institute mechanisms that will ensure responsibility and accountability in decision making in the context of a broad based participative system. Without these, pragmatic and prudent policies for development cannot be expected when they are most needed especially to overcome rampant inefficiencies and significant wastage of public resources.

Financing development by interest bearing loans from abroad has already led many countries into severe crises and it is high time Muslim countries drastically reduce their

reliance on this mode of finance. It leads to conflict and ill-wills among nations, contributes to instability as debt servicing is unrelated to the debtor country's ability to pay and, also, reduces the efficiency of investment by affording opportunities for financing non-productive and uneconomic projects, even corrupt expenditures. The same applies to domestic borrowing with the additional disadvantage that it increases the inequities and disparities in the distribution of income and wealth. Debt financing of budget deficits has been especially instrumental in creating imbalance, accelerating inflation followed by its evil consequence.

The Conference calls upon Muslim countries increasingly to sue Islamic modes of finance, rely on their own resources and those generated by cooperation among Muslim countries. External resources, whether private or official, should be welcome on a participation basis. Simultaneously it urged Muslim countries to improve their investment climate and provide adequate guarantees to investors so that increased investment flows in while outflow of capital is checked.

The Conference considered the various Islamic modes of finance being practiced by Islamic financial institutions e.g. *murabaha*, *mudarabah*, *musharakah*, *salam*, *istisna'*, leasing, etc. The Conference, in endorsing these modes felt uncomfortable with the predominance of murabaha and urged all concerned increasingly to adopt sharing-based as well as other suitable alternative modes of finance wherever feasible.

It felt a strong need for developing suitable financial instruments on the basis of these and other contracts which are free of interest and other non-permissible features. It also urged the creation of a secondary market for *shari'ah*-compatible financial instruments in order to facilitate mobilization of resources for development. In this regard, there is a special role to be played by the Central Banks of Muslim countries by way of extending needed assistance to Islamic financial institutions while guiding and supervising them without sacrificing public interest. This Conference calls upon the Governors of the Central Banks to play a positive and active role in the promotion and strengthening of Islamic finance. Whereas in the past Islamic financial institutions felt discriminated against, it is hoped they will receive normal treatment in the future especially with respect to the Central Banks' function as the lender of last resort.

The conference notes with satisfaction the valuable individual and collective efforts being made in this regard, especially those by some Muslim governments which are trying to get rid of interest and switch over to Islamic finance. We are also hopeful about similar moves in other Muslim countries and urge Muslim economists, *shari'ah* scholars, bankers and experts in all relevant fields to fully cooperate with those practicing Islamic finance.

There is great importance attached to the practice of Islamic finance in Muslim countries as it is only after making significant progress in this regard that we can hope the world at large to listen to us when we call upon it to eschew interest and adopt the alternatives. It will also be in the fitness of things for the international financial community in general and the international financial institutions in particular to take favorable notice of Islamic finance as it represents the aspirations of a sizeable section of humanity. In fact, humanity will greatly benefit if interest which is prohibited by the three major world religions and endorsed by none, is abolished and replaced by alternatives that ensure fairness and equity.

The Conference also feels that *Zakah* can play a significant role in the realization of the social and economic goals of Islam and its implementation should go hand in hand with other developmental efforts.

This Conference assures all that in seeking to serve humanity in general, it is not a matter of confrontation with anyone but a search for peace in a harmonious and balanced vision for the economy of man based on individual initiatives inspired by social goals and with the aspiration to please Allah, the Lord of all mankind, the Creator, the Sustainer.

The Conference also expressed its gratitude to the host institution, the International Islamic University of Malaysia and the two other sponsoring institutions, the Islamic Development Bank and the International Association for Islamic Economics for their efforts in making the Conference a success. It was especially thankful to the people of Malaysia, Honorable Prime Minister, Dato' Seri Dr. Mahthir Mohammad, the Finance Minister and President of IIU, Dato' Seri Anwar Ibrahim, the Education Minister, Datuk Amar Dr. Sulaiman Hj. Daud and Tan Sri Dato' Jaffar Hussein, the Governor of the Central Bank of Malaysia for their unqualified support and encouragement. The overseas delegates to the Conference have a special word of thanks to the Rector, IIU, Dr. AbdulHamid Ahmad Abu Sulayman, Dean, Kulliyah of Economics and Management, Dr. Syed Abdul Hamid Al Juand and the staff and students of IIU who worked hard to ensure the delegates comforts.

Fourth Conference Communiqué

1. By Allah's help, the 4th International Conference on Islamic Economics and Banking was held at Loughborough University, U.K., during 13-15/5/1421H = 13-15/8/2000. It was attended by more than 150 participants from 29 countries including the U.K.¹ The theme of the Conference was "Islamic Finance: Challenges and Opportunities in the 21st Century". The Conference was jointly organised by the International Association for Islamic Economics, U.K.; Islamic Research and Training Institute of the Islamic Development Bank, Jeddah; The Islamic Foundation U.K., and Loughborough University, U.K.

2. Inaugural speeches were delivered by H.E. Abdulla Hassan Saif, Minister of Finance and National Economy, Bahrain; Rt Hon. Stephen Timms, Financial Secretary to the Treasury, UK; H.E. Dr. Ahmed Mohamed Ali, President, Islamic Development Bank; H.E. Dr. Mohamed Omar Zubair, President of the International Association for Islamic Economics, His Worshipful Councillor Neville Bird, the Lord Mayor of Charnwood, Prof. Khurshid Ahmad, Chairman, Islamic Foundation; and Prof. Harry Thomason, Pro Vice-Chancellor, Loughborough University. In addition, the following letters of support were received from officials of the Government of the United Kingdom.

From The Rt. Hon. Tony Blair, The Prime Minister, UK

"I am delighted that the 4th International Conference on Islamic Economics and Banking will be held in the United Kingdom, given our role as a major centre for financial services. I wish the Conference and all the participants every success."

From Mr. Howard Davies, Chairman, The Financial Services Authority, UK

"I am delighted that the 4th International Conference on Islamic Economic and Banking has chosen Loughborough as its first venue in the West. The UK has become a major international centre for developing and marketing Islamic financial products. This Conference provides a valuable opportunity for practitioners and regulators to learn from each other."

From Mr. Eddie George, The Governor, Bank of England, UK

"I am delighted that the International Conference on Islamic Economics and Banking is being held in the UK for the first time, and that Loughborough University has been chosen as the venue. Islamic and Western approaches to finance differ in a number of respects, but it seems to me that they have a good deal in common in terms of underlying objectives. What is important is that there should be broader understanding of the motivation behind, and practical application of, Islamic finance, and I hope that the Conference will make a very positive contribution to that process."

(1) Algeria, Bahrain, Bangladesh, Belgium, Brunei, Egypt, Germany, India, Indonesia, Iran, Italy, Jordan, Kingdom of Saudi Arabia, Kuwait, Lebanon, Libya, Malaysia, Morocco, Nigeria, Pakistan, Poland, South Africa, Switzerland, Syria, Turkey, UAE, UK, USA & Yemen

3. Twenty-three papers, six case studies and two distinguished lectures were presented and discussed.

On Finance

4. The participants noted with satisfaction the positive trends in Islamic banking and finance that have taken shape during the last decade or so. In particular, the following trends are noteworthy.

The trend of establishing new Islamic banks and financial institutions, new branches of existing institutions, as well as new Islamic windows in conventional banks, continues unabated. This provides the market with the necessary competition, the industry with one of the prerequisites of financial innovation and customers with better services.

Islamic Banking is no longer a local business. New technology and globalisation have brought it international competition and have also created the opportunity to reach new clients across the globe.

Important institutions and activities supportive of Islamic finance have emerged, including the development of Islamic accounting and auditing standards. Also notable is the ongoing cooperation between OIC Fiqh Academy and other *Fiqh* Academies and several Islamic financial institutions to develop standards of conformity with the Shari[ah].

Islamic banking and finance has become the subject of research and study from several angles, contributing to the maturity and depth of the discipline. Several prominent institutions of higher learning in both Muslim countries and the West have established degree programmes and granted numerous PhDs in Islamic economics.

A number of countries tried and are still trying, with varying degrees of success, to Islamise their entire financial system. These efforts must continue and deserve our full support. Some other countries have successfully used Islamic modes of finance to attract more financial resources in place of deficit financing. This trend needs to be strengthened, as it would reduce macroeconomic imbalances and the severity of the external debt problem.

We call on Muslim countries to take advantage of the opportunities Islamic finance can bring to their economies especially in mobilising dormant financial resources and providing vital financial services to a large segment of their economies that prefer only Islamic finance.

5. Islamic banking and finance has been progressing in terms of growth and the scale of operations. However, it is still far below its full potential. We note below some of the reasons for this:

The Islamic banking and finance market needs more competition. Ironically, restrictions on establishing new Islamic banking and financial institutions in many countries mar the market with monopolistic tendencies that hinder efficiency and innovation. Both the

Shari[ah and economics strongly disfavour granting monopolistic advantage to any public or private institution in the provision of financial services.

Several Conference papers have analysed in-depth Islamic participatory contracts from the perspective of agency problems and optimality. The participants recognised the very promising potential of further research in this area for both the theory and application of Islamic finance

6. Islamic banking requires proper regulation and supervision as much as conventional banking does. As Islamic banking is a growing subsector, if it is insufficiently regulated and supervised, it would leave a gap in the banking system. Certain differences in regulatory and supervisory approaches must be recognised, however, in order to make it effective in the case of Islamic banking. It is, therefore, advisable to develop internationally recognised standards of Islamic banking supervision and enforce them through cooperation among the monetary authorities of Islamic countries. The Islamic Development Bank should assume an active role in coordinating and guiding such a process.

7. Efforts to develop new Islamic financial instruments require further strengthening. The current attempts to establish new Islamic funds, to construct an Islamic money market and to develop Islamic instruments to finance government activities, all in cooperation with monetary authorities and Islamic financial institutions, are commendable and should continue.

A way to strengthen the movement towards establishing an Islamic financial market is to bring the financial market authorities in Islamic countries into a coordinated effort directed towards proper regulation of Islamic financial instruments and their cross listings. This would enable trading in them across the borders with ease. The Islamic Development Bank would be an ideal vehicle for enabling such coordination.

On Poverty

8. The participants were dismayed by the widely acknowledged fact of increasing disparities of income and wealth between nations as well as within nations. Add to this the disturbing persistence of absolute poverty –we still have about a billion human beings subsisting on less than a dollar a day. All this is equally applicable to many Muslim countries.

The situation is morally unacceptable. With all the growth and technological breakthroughs that recent years have witnessed, humanity must find ways to ensure two square meals a day for every member of the human race. Participants agreed that it is a moral imperative on all economists, both Muslim and non-Muslim, to play an active role in poverty eradication and in reducing inequalities by researching facts and suitable policies and educating public opinion.

One important factor that can make a significant contribution to the realisation of the above goal is to promote maximum employment and to provide participatory and microfinance and skill generation programmes.

9. Zakah, *waqf*, family mutual support and other well-known Islamic transfer schemes place responsibilities for care for the poor on the individual, the family and the community. This provides a solid foundation for mobilising resources and building programmes for poverty elimination. To be effective such programmes should utilise the best available experience and accumulated human knowledge. Available research highlights the correlation between widespread poverty and lack of development. Countries that have succeeded in moving into sustainable development with reduced poverty have been able to achieve this mainly through quality education that is available to everyone, efficient institutions, democratic practices and the adoption of the Rule of Law. These ingredients, needless to say, are very much encouraged in Islam.

10. The Conference participants would like to express their appreciation to Loughborough University for their hospitality and excellent facilities and services. The participants would also like to thank the sponsors of this Conference, Abu Dhabi Islamic Bank, UAE; Faisal Finance, Switzerland; The International Investor, Kuwait; Shamil Bank of Bahrain; and The Pakistani Channel Ltd, UK for their support and encouragement.

Fifth Conference Communiqué

By the Grace of Allah, the Most Merciful, the 5th International Conference on Islamic Economics and Finance - *Sustainable Development and Islamic Finance Muslim Countries* was held in the Kingdom of Bahrain during October 7 – 9, 2003. The Conference was jointly organized by the Ministry of Finance and National Economy, Bahrain, Islamic Development Bank, Islamic Research and Training Institute, University of Bahrain and the International Association for Islamic Economics, UK.

The Conference attracted considerable interest as 6 addresses by Their Excellencies the dignitaries were made, 4 Conference Speeches by industry and academic leaders were delivered, one Distinguished Dinner Lecture was given, and 26 papers and 52 discussant reports were presented on various topics. Total of 199 participants attended the Conference, of which 93 came from outside Bahrain. The Conference is pleased to pass the following resolutions.

1. The participants are grateful to His Highness the Prime Minister of the Kingdom of Bahrain for his Patronage and the people and leadership of the Kingdom of Bahrain for their gracious hospitality, the Ministry of Finance and National Economy of Bahrain for its sponsorship, the University of Bahrain, the International Association for Islamic Economics and the Islamic Development Bank, Islamic Research and Training Institute, their leadership and staff for co-sponsoring the event and for working hard with devotion, which ensured highly quality of papers and discussants' reports and for the excellent arrangements made by the event organizer, which made the Conference a great success.

2. The participants noted that the theme of *Sustainable Development and Islamic Finance Muslim Countries* for this Conference was indeed a timely choice. Various presentations emphasized that development strategies must be in conformity with the Islamic family values, justice, and social harmony. Hence it would not be desirable to concentrate only on economic variable.

3. The presentations highlighted the fact that appropriate form of finance plays a vital role in sustainable development. Participants noted with satisfaction that the expanding trend of Islamic finance as an alternative system of financial intermediation all over the world is encouraging. Islamic commercial banks, investment banks, mutual funds, insurance companies, and other non-banking financial intermediaries are spreading fast. Many governments as well as the IDB have started issuing Islamic financial instruments for resource mobilization. Infrastructural support institutions such as AAOIFI, IFSB, IIRA, IIFM, GCIBFI have been established.

4. The participants noted with appreciation that the Kingdom of Bahrain has played an important role in realizing these achievements. The sustainability of these achievements depends on strong research, teaching and training support, particularly in the Kingdom of Bahrain as most of the institutions have graciously been hosted by the Kingdom. The industry and its support institutions require a stable supply of trained professionals and continued applied research concentrating on the challenges faced by the industry. Hence there is an urgent need for establishing Research and Teaching Programs in Islamic Economics, Banking and Finance, at the University of Bahrain, with plans to award degrees in Islamic Economics and Finance. This will serve as the backbone for the future growth of the industry around the world and also consolidate the position of Bahrain as a leader in Islamic banking and finance.

5. Several presentations emphasized that the Islamic financial system contains inbuilt features which can promote sustainable economic development. The system requires risk sharing which helps spread financial and business risks to a larger segment of market participants. Islamic finance is also asset-based and it can play an effective role in controlling speculation. Hence Islamic finance carries a great potential for enhancing financial stability. Since finance can only be provided against real economic activities, services and goods, Islamic finance can help in controlling unproductive allocation of resources which leads to a pyramid type of debt creation. Furthermore, Islamic finance concentrates on the nature of projects and business units rather than looking just at the borrower's so-called "credit worthiness". These features can help in enhancing efficiency in resource allocation. Hence it is desirable for Muslim countries to introduce the implementation of Islamic finance as a vehicle for promoting sustainable development. This requires institutional development, suitable reforms in the financial sectors and the undertaking of appropriate legislation to facilitate the promotion of Islamic banking and finance.

6. A number of papers emphasized that there is a great need to develop technical capabilities in credit, project and investment analysis by the Islamic financial institutions. They need to develop credible risk management, internal control and corporate governance systems. They need to refine their products both in terms of Shari'ah and the market. They need to remain alert on a continuous basis regarding the rapidly changing regulatory, information and technological environment. They need to effectively present their position to international forums, particularly, the Basel Committee, and the Financial Stability Forum. In this respect, the participants noted with appreciation the role of the IDB in strengthening the Islamic financial industry. The IDB is requested to continue extending this support and help Islamic financial institutions and Muslim countries to evolve a common strategy to overcome the current and future challenges in the existing international market environment.

7. A number of presentations emphasized the fact that sustainable development is a multi-faceted agenda. Muslim countries must re-assess their resources and national priorities with a view to evolve and adopt a viable self-reliance strategy, while at the same time, participating in international markets. They must cut their non-developmental expenditures so that resources can be allocated to health, education, water, and other basic and social infrastructure. Development can be sustainable only if it does not create macro economic imbalances. It is necessary to take into account all factors that contribute to human well-being including non-economic and social variables.

8. Some presentations presented case studies in poverty alleviation. It was emphasized that the institutions of Zakah and Awqaf need strengthening as these vital institutions have great potential in alleviating poverty which is a major requisite for sustainable development.

9. The participants noted that sustainable development also requires keeping the environmental balance. In the same manner, moral and ethical values, family and social harmony and integrity, and eliminating crime are of critical importance for human development. The participants urge the governments and non-governmental institutions to promote developmental strategies that can be morally, socially, financially and environmentally sustainable.

10. The participants also took note of the level of economic cooperation among the Muslim countries. They felt that there is a need for improvement in accordance with the aspirations of the people. There is an urgent need for institutional development in the member countries of the OIC so that the flow of financial resources can be redirected to the Muslim countries. The governments of Muslim countries, the Islamic Development Bank, the Islamic financial institutions and the support institutions have a major role in creating an environment of trust and confidence, in providing suitable Islamic products and in alleviating fears and risks. An appropriate environment for investors' confidence can be created by strengthening rule of law, by implementing effective accounting and auditing systems and by strongly dealing with the evil of corruption.

11. Finally, the participants urged for initiating the preparations for organizing the Sixth International Conference on Islamic Economics and Finance with an appropriate theme that expresses the aspirations of the Ummah and the challenges that it is facing currently.

12. In view of the great success that this conference has accomplished, participants recommend considering the Kingdom of Bahrain to be one of the harbors to host International Conferences for Islamic Economy in future also.

Sixth Conference Communiqué

The Sixth International Conference on Islamic Economics and Finance has been held during 21-24 November 2005 in Jakarta under the theme of “Islamic Economics and Banking in the 21st Century”. The Conference was jointly organized by Bank Indonesia, the Islamic Research and Training Institute, IRTI, a member of the IDB Group, and the International Association for Islamic Economics, in partnership with the Indonesian Economists Association. The Conference is the sixth in a series of conferences that started in 1976 in Makkah Al-Mukarramah. More than 300 participants from 38 countries have discussed 30 papers on different topics of Islamic economics, banking, and finance.

The inaugural session of the Conference was held in the Vice Presidential Palace and was addressed by H. E. Jusuf Kalla, Vice President of Indonesia. The Vice President emphasized the importance of formulating practical solutions in Islamic economics and finance that can be implemented for poverty reduction and improving social welfare. Dr. Ahmed Mohamed Ali, President, IDB Group, reiterated the commitment of the IDB Group to continue to support the development of Islamic economics and finance. Burhanuddin Ahmad Abdullah, Governor, Bank of Indonesia emphasized the importance of this conference as well as earlier conferences in the development of the discipline of Islamic economics and finance.

The Conference started with a plenary session under the Chairmanship of Professor Khurshid Ahmed, Chairman of The Islamic Foundation, and Rector of the Markfield Institute of Higher Education. Dr. Mabid Ali Al-Jarhi, President, International Association for Islamic Economics, gave a welcome address in which he reviewed the different stages of development of Islamic finance and how it can be assisted to enter into a take-off stage.

H. E. Dr. Muhammad Omer Zubair, former Rector of King Abdulaziz University, and Conference Chairman reminded participants of the lessons learnt from the first conference in the series held in Makkah Al-Mukarramah in 1976. Maulana Ibrahim, Deputy Governor, Bank of Indonesia, and Chairman of the Steering Committee Reviewed the Conference program Dr. Munawar Iqbal, the Secretary General of the Conference reviewed the ground rules for sessions and some administrative matters. Dr. Abbas Mirakhor, Executive Director, International Monetary Fund, gave a keynote address in which he stressed role played by the prevalence of trust in the spread of Musharakah finance.

The conference held several plenary and parallel sessions in which papers dealing with topical issues in Islamic finance were presented and extensively discussed. Other side sessions were held to discuss teaching of Islamic economics and finance. Professor Bacharuddin Habibi, former President of Indonesia gave a dinner speech outlining Indonesia’s road towards economic development, stressing its enormous potential and drawing lessons from which the Islamic Ummah can benefit in the same field. Professor Khurshid Ahmed gave another dinner speech in which he reviewed major developments in Islamic economics during the last thirty years and shared his reflections on the further course of development and the challenges posed by globalization.

During the conference the participants made the following recommendations.

1. Scholars are urged to give balanced attention to all branches of Islamic economics rather than concentrate on the currently popular field of Islamic finance. In particular, more attention should be given to the methodology of Islamic economics.
2. The Islamic finance industry should try to rid itself of the products that are at variance with Maqasid al-Shari`ah and do not therefore enjoy wide consensus among Shari`ah scholars. In addition, finance modes that encourage consumerism, are based on gimmicks to provide personal loans or involve eventual trading of future against present money must be avoided.
3. Islamic countries are called upon to provide the legal and institutional framework that encourages the use of Musharakah and Mudarabah finance. That include equal tax treatment of interest- and non-interest based finance, and strengthening the legal enforcement of financial obligations.
4. Islamic banks and financial institutions must strive to play a significant role in accelerating economic development through greater involvement in financing industrial and agricultural activities, in a way that does not avoid risk sharing with entrepreneurs.
5. Islamic governments are requested to provide the enabling environment in which risk sharing can expand and Islamic finance can operate competitively and effectively on equal basis with other types of finance. In particular, banking regulation and supervision must be tailored to cater to the specific requirements of Islamic banks
6. Islamic governments are strongly advised to use the Islamic modes to finance their activities and to avoid interest-based debt finance, the excessive expansion of which could expose the whole economy to instability.
7. Islamic countries must give due regard in their economic development policies to values and strategies derived from Islamic economics. In particular, attention needs to be given to sustainable development, self-reliance, basic and uplifting of the conditions of the poor and the disadvantaged. Social equity and the eradication of poverty must be given higher priorities.
8. Government and non-government institutions must be allowed to compete to strengthen Zakah collection under strict rules of disclosure and transparency. Institutional arrangements should be put in place to use the proceeds to transfer productive resources to the poor in the form of micro projects, in order to enable them to break out of poverty. All other Islamically lawful means of redistribution must be employed for the same purpose.
9. The world is quickly becoming dominated by large units and economic blocks. Therefore, serious and practical plans must be formulated to gradually bring the economies of Muslim countries to economic integration and put to systematic implementation.

10. The participants noted that the transformation from conventional to Islamic economics at both the institutional and national level is possible through a proper plan within a reasonable span of time. They therefore encourage governments and institutions to consider formulating and implementing such plans.
11. Human resources with skills and knowledge in Islamic economics and finance are necessary for the working of Islamic economic institutions. Therefore, it is necessary to encourage and support the establishment of educational and training institutions that are capable of producing such skilled human resources.
12. Training in Islamic finance commonly provided on ad hoc basis must give way to systematic training that is based on well prepared training material supported by the use of information technology.
13. Islamic universities, educational institutes, and business enterprises are called upon to establish an entity that is capable of producing textbooks and training material of general acceptability among the academic and professional communities.
14. The participants called upon the International Association for Islamic Economics to do its best to hold the Conference regularly, within intervals not exceeding three years. In addition, they call upon other organizations that hold conferences on Islamic economics and finance to coordinate with the Association for the sake of avoiding duplication and insuring quality.
15. The participants noted with appreciation IRTI's initiative to promote teaching of Islamic economics and finance through different means including distance learning and video conferencing. IRTI is therefore encouraged to continue to pursue its programs in this respect with added vigour.
16. The participants took note of the invitation of King Abdulaziz University to hold the Seventh International Conference on Islamic Economics in Jeddah in 2007. They express their deep appreciation to the University as well as the Saudi Arabian Government, and call upon the International Association for Islamic Economics and the IRTI to join hands with the university in making the next conference successful.
17. The participants expressed their deep appreciation to the people, government, and Bank of Indonesia for providing gracious hospitality that was instrumental in the successful conclusion of the conference. The organizers of the Conference have been called upon to express the participants' deep sense of gratitude to H. E. the Vice President of Indonesia for hosting the inaugural session in the Vice Presidential Palace and gracing it with his presence.

مساهمات المؤتمرات الستة الأخيرة

الأستاذ الدكتور منور إقبال

المستخلص: تأمل هذه الورقة تسجيل حصيلة المؤتمرات العالمية الستة التي عقدت قبل هذا المؤتمر من أجل المحافظة على السجل التاريخي للحدث. وأثناء القيام بهذه المهمة نحاول تقديم وتقييم مساهمات هذه المؤتمرات بكل موضوعية. لقد تم تحديد ست مجالات من أجل تحقيق هذا الغرض وهي:

١. الاعتراف الرسمي.
٢. بناء المؤسسة.
٣. تحديد جدول أعمال الأبحاث المعاصرة في الاقتصاد الإسلامي والتمويل.
٤. المساهمة في البحث.
٥. المساهمة في الكتابات المنشورة.
٦. تشجيع كتاب جدد.

للقيام بعملية تقييم المساهمة في مجال البحث لقد تم اقتراح تصنيف جديد للمساهمات في الاقتصاد الإسلامي والتمويل. وفي الختام حاولت الورقة لفت العناية لمجالات تحتاج إلى جهود أكبر، لقد تم القيام بهذا لغرض تحديد جدول عمل للمستقبل.