

# Book Review<sup>1</sup>

**Zubair Hasan & Habibah Lehar:**

## **A. “*Macroeconomics*”**

**First Edition (2009), Oxford Fajar Sdn, Bhd, Selangor Darul Ehsan, Malaysia (under licence from the Qxford University Press)**

**Reviewed by: Dr. Atiquzzafar Khan<sup>2</sup>**

The book under review is an introductory level text book which can be used in undergraduate programs in economics. Although a larger number of text books are available in the area of macroeconomics, but this book is a valuable addition because of its distinguishing features. The book is published by a respectable publisher, Oxford University Press, who has done a good job in making it an attractive text book for the students.

Almost all dimensions of macroeconomics have been covered concisely in only 265 pages. The book consists of 11 chapters; each chapter is supported by learning objectives at the beginning, and summary, glossary, major concepts for review, case studies, test questions, web exercises etc. at the end. An index of topics and bibliography is given at the end. The book contains many charts, diagrams, tables, numerical examples, case studies and other useful supplementary material.

The book covers almost all important topics in the area of macroeconomics including tools of analysis, methods of measuring national income and its components, the expenditure model, the supply side economics, macroeconomic issues in income distribution, inter-temporal and international income comparison, and the problems of an open economy including trade, balance of payments and exchange rates.

The authors themselves have mentioned some distinguishing features of the book, which are as follows:

---

<sup>1</sup> Prof. Dr. Zubair Hasan and Ms. Habibah Lehar authored twin books on micro and macro economics. Both the books have been reviewed by the two reviewers separately.

<sup>2</sup> Dr. Atiquzzafar Khan is Assistant Professor, at “International Institute of Islamic Economics (IIIE), International Islamic University Islamabad (IIUI), Pakistan. ([atiquzzafar@gmail.com](mailto:atiquzzafar@gmail.com))

- The text uses clear, simple language, punctuated with illustrations and neat diagrams to help the learning process.
- Learning objectives are given at the start of each chapter and exercises after major sections in order to improve understanding and facilitate recapitulation.
- Marginal notes are inserted to provide a bird's eye view of the chapter contents.
- Each chapter contains at least one case study to keep students aware of and involved in events that are taking place around them.
- A glossary section is given at the end of each chapter to explain the important terms of the chapter.
- The book also adds Islamic dimension to the discussion, where appropriate.

The above features are important and have contributed to make it useful for the students. In my view, another important feature is its direct relevance to the Malaysian economy as each chapter brings data, examples and history relevant to Malaysian economy and society. Most of the text books are produced in the background of Western societies and students of developing countries don't find them much relevant for them but this book is a successful attempt to produce a book relevant to the society where it is being taught.

As no human work is free from error or omissions, I would like to indicate some points for further improvement in the next edition of the book:

- The authors have presented the conventional economic concepts without any criticism as commonly accepted viewpoint. It would be better to raise questions about the validity and practicality of these concepts wherever it is appropriate.
- Islamic concepts are mainly given in chapter 8 from sections 8.7 to 8.9 under the title of Islam and fiscal policy. It is possible to contribute Islamic teachings at various other places, especially the monetary policy.
- Derivation of IS curve (fig. 6.2) on page 135 does not look correct. Panel A shows  $I$ , a symbol used for investment, on both the axis, whereas vertical axis should have  $i$ , symbol for interest rate (see fig. 6.1). If IS curve is derived in panel B, it is positively sloped which is against the theory.

- Derivation of LM curve is difficult to understand from students' perspective as the necessary concepts of demand for and supply of money are missing.
- The Expenditure model is used to show the changes in slope and the position of IS curve. It would be better to use the same framework which has been used for deriving the curve.
- Some Islamic terms need correct transliteration, like *'Ushur* instead of *usur* and *Waqf* instead of *Waqaf* (see: Pp. 199, 201).

At the end, I would like to congratulate the authors for producing such a useful book. It is really a gift for Malaysian students from these learned authors.

## ***B. “Fundamentals of Microeconomics”***

**First Edition (2011), Oxford Fajar Sdn, Bhd, Selangor Darul Ehsan, Malaysia (under licence from the Oxford University Press)**

**Reviewed by: Dr. M. Yasin<sup>3</sup>**

The book under review is an introductory level text book meant for the students of economics, and to some extent the students of business and management. There are total 13 chapters, spread over 328 pages, directly relevant pages being 317, the rest covering bibliography and index given at the end. Each chapter is supported by learning objectives at the beginning and summary, glossary, concepts for review, case studies, test questions, web exercises etc. Margin notes are inserted to provide a bird's eye view of the contents of each section. This, alongwith the description of relevant economic theory, real world coverage of latest developments and case studies from the emerging economies make the book interesting and reader friendly.

The book covers all the important topics that ought to be understood by undergraduate students. After the introduction, extensive treatment is given to demand and supply, elasticity, consumer's behaviour, theory of production and costs, market mechanism and the detailed account of

---

<sup>3</sup> Dr. M. Yasin is Associate Professor, at “International Institute of Islamic Economics (IIIE), IIUI, Pakistan. ([yasin.iiie@gmail.com](mailto:yasin.iiie@gmail.com))

perfect competition, monopoly, oligopoly, monopolistic competition, factors pricing with emphasis on determination of wages, rents, interest and profits. The topics in the last on 'markets, environment and sustainability' are important since these areas are often ignored in most of the Western books of this level. The text follows a diagrammatic approach with data tables and graphs frequently used for illustration and explanation of the concepts. The use of mathematics is minimal, as expected. The language is lucid but not that much easy as claimed and the students of Malaysia and Indonesia will have to consult dictionary off and on.

The book is claimed to be a thoroughly revised and enlarged version of an earlier text: "*Introduction to Microeconomics—An Islamic Perspective*" by the principal author. However, the term 'Islamic' has been deleted this time from the title and discussion of Islamic concepts is only nominal. In other words, the book, presented in the same pattern as other modern text books in general, deals mainly with conventional (neoclassical) microeconomics theory with some Islamic concepts in passing notes scattered here and there. I would like to comment on the Islamic Economics aspect of the book.

- 1.9 In this section, there is a brief comparison between different economic systems; capitalism, socialism and the Islamic system, emphasizing on property rights and private ownership.
- 2.2 There is just a single short paragraph on early Islamic markets. More explanation would have been fruitful, particularly the assumptions of competitive markets should have been compared to the Islamic norms and injunctions meant for smooth running of the markets.
- 2.11.1 This section deals with government intervention in the price mechanism and states that Islam, in principle, is against such an intervention.
- 4.1 This section on 'Islam and Consumption' discusses briefly the material and spiritual wants of man and shows that both are inter-related and mutually interacting.
- 4.2 This section under the title of 'Wants, Needs and Desires' just mentions the term "Objectives of Shariah" in passing note with no explanation, although the topic deserves extensive treatment. The consumers' goods are roughly divided into three categories in order of preference; the necessities (*Ḍaruriyāt*), comforts (*Ḥājiyāt*) and luxuries (*Teḥsinīyāt*). Although, not to be taken seriously, however, the term *Ḥājiyāt* applies to general wants and the correct

term for comforts may be *'Āsa-e-shāt*, similarly the term *Tehsiniyāt* is used for refinements/adornments and the correct term for luxuries may be *Ta'ayyushāt*. The section also discusses the concepts of wasteful spending (*Isrāf*) and moderation (*Iqtiṣād*). There was more scope to discuss the utility theory forcefully under the Islamic norms.

- 4.4.1 Utility Analysis: sub section – Consumers and *Riba al-faḍl* (Pp.95) mentions the term in a passing note while explaining 'exchange-value and use-value' and points to a sort of confusion in the concept without any explanation. It leaves the students nowhere if they don't know what is *Riba al-faḍl* and what is *Riba an-Nasihah*. Even the teachers, mostly trained in conventional economics, may not know the *Fiqhi* terms and the difference between the two.
- 6.1 The section discusses 'Two aspects of Production'; namely the technical the doctrinal aspects. The first aspect, objective and value neutral, deals with the question of how to produce by considering the input-output relationships, costs and efficiency. The second aspect is subjective and value oriented since it considers the motives and ideals of life. The questions like what to produce, for whom to produce and how much to produce etc. are important and Islam provides clear injunctions on this aspect. The authors quote some of the injunctions of Islam in this regards by referring to the book "*Iqtiṣadonā: Our Economy*" of the renowned scholar, late Baqir as-Sadar.
- 8.3.4 The title is 'Islam and Monopolies' but there is just one-line statement that differentiates between monopolies and hoarding (*Iḥtikār*) for profit making, which Islam prohibits. This much brevity might leave the young students nowhere.
- 9.5.1 The 'Variety Issue - Islamic Angle' tries to draw a relationship between the emphasis that Islam lays on simple living and the variety (of goods used by consumers). As argued, the use of variety manifests demonstration and self projection, which is undesirable. Thus variety should be curbed. This kind of reasoning might not be generally acceptable.
- 10.5 Islam and income distribution - Islam stands for justice in distribution and emphasizes on corrective measures if the market fails to ensure justice. The basic needs of the poor sections have to be fulfilled. Starting from the concept of trusteeship (*Amānah*), the authors discuss various instruments like voluntary charities (*Infāq*),

- obligatory spending (*Zakah*) and welfare trusts (*Auqāf*), all meant to support weaker segments of the society.
- 10.6 Role of the State – in this section, the authors highlight the role of an Islamic State, for instance, to abolish interest and gambling, to guarantee the fulfillment of basic needs of the masses, to promote distributive justice, to regulate resource allocation if the market fails to meet the national priorities, and to strive for economic growth in the economy.
- 11.6 The authors discuss as to why Islam couldn't announce the abolition of slavery parallel to the abolition of interest, gambling and total ban on wine trade. They highlight certain social and political obstacles.
- 12.8 Why Islam prohibits interest – The authors draw economic rationale for the prohibition of interest-based transactions from the marginal productivity theory, the intermediation role of the banking industry, and from the trade cycles, etc. The authors emphasize that the primary reason for prohibition of interest is the inequity in the distribution of risk between the lenders and the borrowers rather than the fixity of interest rate. "Interest was an institution of perpetual injustice in the past, it remains so even today", contend the authors. A few lines have also been devoted to the Islamic alternatives to interest, although it could be elaborated.
- 13.4.1 The Islamic view point on sustainable development, efficiency in the use of resources and avoidance of disturbance (*Fasād*) are discussed briefly.

\*\*\*\*\*