

BOOK REVIEW

Zubair Hasan
Introduction to Microeconomics:
An Islamic Perspective
Prentice Hall, Selangor, Malaysia, 2006.
pp. xvi + 375.

Reviewed by: Professor Rodney Wilson*

There are many excellent textbooks on economics, but few that attempt to approach the discipline from an Islamic perspective. The first in English was the classic text by M.A. Mannan, *Islamic Economics: Theory and Practice*, (Hodder and Stoughton, 1986). This has a conventional layout, but within each chapter, an Islamic perspective is provided on the topic being covered. The follow up to this pioneering effort has been slow in coming, as the obvious way forward was to have textbooks commissioned in particular fields of economics written from an Islamic perspective.

Thirty years on Professor Zubair Hasan's textbook on microeconomics is a fitting successor, as like Professor Mannan, the author believes that it is unnecessary to attempt to replace all conventional economic theories and analysis by developing new sharī'ah compliant theories and concepts. Rather as every activity is permissible in Islam unless it is specifically forbidden, conventional economic concepts and theories should be studied by Muslims, but there is a need to add some observations and commentary which highlights where there are sharī'ah concerns that need to be addressed. Such an approach has been supported by the Islamic Research and Training Institute of the Islamic Development Bank and work is currently in progress that should result in the publications of texts in different areas of economics. Although not part of this effort, Zubair Hasan's work provides a blueprint for how these subsequent studies should be organised.

The book is titled an Islamic perspective (singular) rather than Islamic perspectives (plural) although this does not imply that there is a consensus amongst

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Islamic economists on how to approach particular topics, and indeed debate on controversial issues is helpful and can take Islamic economics forward. Hence numerous perspectives are possible. In addition to taking account of Islam, Hasan also adapts the material to make it more relevant to students from developing countries, by adding observations and using examples that students from such countries are more likely to appreciate. More generally the textbook is written at a level suitable for first and second year undergraduates, including beginners and those at intermediate level. Diagrams are used for illustrative purposes but not complex algebraic expressions.

The contents are what might be expected for a text on microeconomics, with chapters on demand, supply and elasticity, a section on consumption and production, and discussion of market pricing under perfect competition, monopoly and monopolistic competition, as well as a comprehensive section dealing with the pricing of factors of production, including labour, rent, interest and profit. The book starts with a discussion of wants and scarcity with the correct assertion that God has created inexhaustible resources for all, but that these cannot meet unlimited human needs and therefore choices should be made which will involve morality. The stress is on values in economics, including spirituality, with economics viewed as normative in line with the approach of Umer Chapra and most Islamic economists, rather than being positive and value free.

Much of the material will be familiar to those accustomed to microeconomic texts, and indeed for most topics only limited reference is made to specifically Islamic perspectives. Sometimes Hasan challenges Islamic economic thinking, such as the rejection of the concept of utility maximisation. Some Islamic economists equate such maximisation with human greed, but Hasan rejects this notion, seeing nothing wrong with the maximisation of utility by a consumer who has fulfilled his legal and moral obligations. In the chapters on market structures there appears to be little to add from an Islamic perspective, but when considering the pricing of factors of production and equity, Hasan introduces a section on Islam and income distribution, stressing *amānah* as the foundation of distributive justice and the role of *zakāh* and *awqāf* in its achievement. Similarly in the chapter on the remuneration of labour there is a section on Islamic economics and the concept of a minimum wage in the light of human entitlements to basic sustenance.

Inevitably the most substantial coverage from an Islamic perspective deals with interest payments and receipts that the shari‘ah prohibits. Hasan reviews the major contemporary theories of interest rate determination and then provides an Islamic critique, stressing that marginal productivity theory cannot explain interest. Borrowed funds and equity are mixed in any business and Hasan sees no justification in rewarding them differently and believes that profit and loss sharing finance is much more preferable.

As with most modern economic texts Hasan provides explanations of basic concepts in clear and comprehensible language, numerous illustrations and exercises designed to test the student's knowledge. The major points covered are summarised at the end of each chapter in a box containing the bullet point listings. The test questions are also provided at the end of each chapter, making a manageable homework exercise for the student.

This book helps meet a gap in institutions such as the International Islamic University of Malaysia where Zubair Hasan teaches, as part of its mission is to provide an Islamic input into the conventional disciplines taught. This book achieves this objective, and provides a model for further similar texts in other areas of economics. There is potentially a much wider market for the book however amongst Muslim students worldwide studying economics, as well as non-Muslim interested in discovering what Islamic perspectives actually involve. Zubair Hasan's initiative in writing this textbook should be warmly welcomed.