**Book Review**

**Title:** Readings in Microeconomics: An Islamic Perspective.

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This book is a compilation of some of the seminal contributions in Islamic economics literature on the micro foundations of economics from an Islamic perspective. The book puts together some significant works which are unique in many respects in building the theoretical foundations of Islamic Economics. It assembles 7 chapters on consumer behaviour, 4 chapters each on producer behaviour and market structure and 3 chapters each on resource allocation and distribution.

The first two parts of the book look at the behaviour of economic agents, i.e. consumers and producers. The section on consumer behaviour emphasizes on the moral underpinning of Islamic teachings which govern the consumer choice set, shape preferences and influence behaviour and choices. The chapters use the mainstream economics tools such as indifference curves and differential analysis in the utility framework to provide contrast between mainstream economics and Islamic perspective. The goals in Islamic economics center on human *Falah* (all encompassing moral and spiritual wellbeing) than focused on some material end alone. The choice set in Islamic framework also does not incorporate consumer sovereignty. Rather, the Islamic teachings provide guidance to Muslims in order to differentiate between *Tayyabāt* (morally good things) and *Khabāīs* (morally bad things) and between *Halāl* (lawful) and *Harām* (unlawful) in consumer choice set. Among the *Halal* consumption as well, Islamic teachings guide towards *Wasatiyyah* (moderation) and to avoid *Isrāf* and *Tabzeer* (excess and wasteful consumption). Instead of encouraging towards consumption on self, the Qur'anic use of the word spending is profound. It simultaneously incorporates the expenditure on self, others and in the way of Allah with single word. Islamic principles have a transformative content rather than serving material instincts or arousing them. This is reflected in Islamic teachings which emphasize the need for spending not on self and one’s household only, but also on others and in the way of Allah. These actions are completely rational within the Islamic worldview where the ultimate objective is to earn *Falah* in both this world and in life hereafter. Economic wellbeing can be a cherished sub-goal as long as it is consistent and contributes to the moral and spiritual wellbeing. The section on producer behaviour also emphasizes the moral content in behaviour whether it is with regards to pricing, advertising or with regards to using natural and non-natural resources in production. Since Islam prohibits *Riba* (interest), the capital shall be rewarded from the actual profits rather than be compensated with a fixed return for its use regardless of the outcome of the production process. The section also emphasizes that profit maximization shall not breach the Islamic moral choices. The profit motive shall remain a secondary consideration alongwith seeking conformity with Islamic principles and teachings which govern the pursuit of *Halal* income from the productive enterprise.

The section on market structure emphasizes that Islam does not negate private property and private pursuit of economic enterprise. It does not necessarily favour centralization of production activity. However, the papers in this section emphasize that Islam promotes cooperation rather than competition. The concept of cooperation also implies that market power in monopoly and other less-competitive market structures shall not be used to exploit either the consumers or the producers. The papers also give an account of how some of the concepts
related to market structure and market forces have been dealt with by early Muslim writers before the publication on wealth of nations by Adam Smith.

The sections on resource allocation and distribution emphasize that resource allocation at micro and policy level shall also take *Maslaha* (social and spiritual welfare) into consideration. The income distribution in Islamic framework is distinguished from both Capitalistic and Marxist framework. The Marxist framework is critically analyzed and it is argued that Islam does not negate individual differences in remuneration if these are based on lawful earnings and which arise from superior skills or other factors. However, Islamic framework negates the extractive institutions which worsen the income distribution, such as fixed return to money capital. By prohibiting fixed return to money capital and by levying a charge in idle wealth as *Zakāt*, Islam encourages either lawful spending or lawful investments in productive enterprise through risk sharing arrangement. Both these features keep the resources circulating in the economy. This can help in avoiding the unwanted situation of idle resources existing with unmet needs as is the case in the present market economy framework of capitalistic economies.

Overall, the book is a significant effort to develop the theoretical literature on Islamic economics in unique ways. The papers are substantive in analytical content. The use is made of mainstream economics tools such as indifference curves, differential calculus, demand-supply cross, mainstream production and costs graphs and edge worth box, for instance in presenting the ideas from an Islamic perspective. If more focused research is undertaken in this area, then Islamic economics can become an established analytical discipline. This book is a significant addition in the literature on Islamic economics and can be used as a reference text in courses related to Islamic economics.