

*Readings in*  
**Macroeconomics**



**An Islamic Perspective**

*Compiled, Classified & Edited By*  
**Professor Dr. S. M. Ali Akkas**  
**Dr. M Abdul Aziz**



**Bangladesh Institute of Islamic Finance (BIIF)**

বাংলাদেশ ইনস্টিটিউট অব ইসলামিক ফাইন্যান্স (বিআইআইএফ)

*Readings in*  
**Macroeconomics: An Islamic Perspective**

*Compiled, Classified & Edited By*

**Prof. Dr. S. M. Ali Akkas**

**Dr. M Abdul Aziz**

**Copyright ©**

Bangladesh Institute of Islamic Thought (BIIT)

**Published By**

Research Division

**Bangladesh Institute of Islamic Finance (BIIF)**

125 Motijheel C/A (2nd Floor), Dhaka-1000

Phone: +88 01400 40 39 47, 01979 94 93 22

Email: [biif.biit@gmail.com](mailto:biif.biit@gmail.com)

**Published in**

June 2023

**Printed in**

Bangladesh

**Price**

BDT 400.00 US\$ 10

All rights reserved. No part of this book may be reproduced in any form, electronic or mechanical, including photocopy, recording or any information storage or retrieval system, without permission in writing from the publisher. The views expressed in this book are entirely of the author and do not necessarily reflect the views of Bangladesh Institute of Islamic Finance (BIIF).

## List of Contributors in the Reading Series-9

### Macroeconomics: An Islamic Perspective

(Based on the Date of Publication of the Relevant Contribution)

Sl.	Contributor(s)	Position
1.	Mabid Al-Jarhi	Professor of Economics and Finance, International Center for Education in Islamic Finance, INCEIF, Malaysia
2.	Agus & M. Shabri Abdul Majid	Universitas Islam Negeri Sumatera Utara Medan, Indonesia
3.	Hery Purwanto Siswahadi	Central Java Al-Qur'an Science University in Wonosobo Tangerang Raya University
4.	Dr. Imran Haider Naqvi  Ms. Maryam Saeed Hashmi	Leads Department of Research Innovation and Commercialization of COMSATS Institute of Information Technology (CIIT), Lahore Maryam Lecturer at IB&M, University of Engineering and Technology, Lahore, Pakistan.
5.	Dumairy	Universitas Gadjah Mada, Indonesia
6.	Amitava Krishna Dutt	University of Notre Dame, Indiana, USA
7.	Ausaf Ahmad	Centre for Research in Islamic Economics King Abdulaziz University Jeddah, Saudi Arabia
8.	Ibrahim Mohammad Khrais  Ismail Y. Yamin	Economics Associate Professor, Faculty of Economics, Zarqa University, Jordan  Finance Associate Professor, Faculty of Economics, Zarqa University, Jordan
9.	F.R. Faridi	Associate Professor and Head, Department of Socio-Technical Studies, King Abdulaziz University, Jeddah, Saudi Arabia
10.	Sayyid Tahir	Professor of Economics at the International Islamic University Malaysia.
11.	Mariam El Hamiani Khatat	International Monetary Fund
12.	Sajjad Zaheer, Steven Ongena  Sweder J.G. van Wijnbergen	Amsterdam School of Economics, University of Amsterdam. Center – Tilburg University and CEPR. Department of Finance, Tilburg University University of Amsterdam. Amsterdam School of Economics, University of Amsterdam.
13.	Bashar H. Malkawi	<b>Bashar</b> has served as a consultant and expert witness for USAID, the World Bank, International Trade Centre, and international law firms, among others.

<b>Sl.</b>	<b>Contributor(s)</b>	<b>Position</b>
14.	Rosita Chong  Raihana Firdaus Seah Abdullah   Alex Anderson	Lecturers, School of International Business and Finance, Labuan International Campus, University Malaysia Sabah   Master student, School of International Business and Finance, Labuan International Campus, University Malaysia Sabah
15.	Mohammad O. Farooq   Mohammad Selim	Department of Economics and Finance, University of Bahrain, Sakheer, Bahrain
16.	Valeriano F. García Vicente Fretes Cibils And Rodolfo Maino	CEO, Washington International Advisors The World Bank. International Monetary Fund.
17.	Nabil Maghrebi   Abbas Mirakhor	Professor of Finance, Graduate School of Economics, Wakayama University, and Visiting Professor, Center for the Study of Finance and Insurance, Osaka University, Japan First Holder of the Chair for Islamic Finance, International Center for Education in Islamic Finance, Kuala Lumpur, Malaysia

# *Readings in* **Macroeconomics from Islamic Perspective**

## Foundation and Policies

### Table of Contents

	<b><u>Page</u></b>
<i>List of the Contributors</i>	<i>iii</i>
<i>Table of Contents</i>	<i>v</i>

<b>Chapter 1: Introduction to Islamic Macroeconomics</b>		<b>01-50</b>
1.	Towards the Foundation of Islamic Macroeconomics <i>By</i> Mabid Al-Jarhi 2002. Online at <a href="https://mpra.ub.uni-muenchen.de/66938/">https://mpra.ub.uni-muenchen.de/66938/</a> MPRA Paper No. 66938, posted 28 Sep 2015 05:32 UTC	03-44
2.	Islamic Macroeconomics-A New Paradigm <i>By</i> Agus & M. Shabri Abdul Majid,	45-50

<b>Chapter 2: National Income and Output</b>		<b>51-90</b>
1.	Paradigm of National Income in Islamic Economy <i>By</i> Hery Purwanto & Siswahadi	53-62
2.	Analyses of the GNP Formula The Islamic Perspective <i>By</i> Dr. Imran Haider Naqvi1 Ms. Maryam Saeed Hashmi	63-90

<b>Chapter 3: Aggregate Demand and Aggregate Supply</b>		<b>91-192</b>
1.	Aggregate Demand, Aggregate Supply and Economic Growth <i>By</i> Amitava Krishna Dutt, <i>International Review of Applied Economics</i> , Vol. 20, No. 3, 319–336, July 2006	93-128
2.	Income Determination in an Islamic Economy <i>By</i> Ausaf Ahmed, Centre for Research in Islamic Economics King Abdulaziz University Jeddah, Saudi Arabia 1407 A.H, – 1987 A.D.	129-180
3.	Role of Macro-Economics in Minimizing Obstacles to Sustainable Development (Islamic Perspective) <i>By</i> Ibrahim Mohammad Khrais & Ismail Y. Yamin	181-192

<b>Chapter 4: Fiscal Policy</b>		<b>193-232</b>
1.	Theory of Fiscal Policy in an Islamic State <i>By F.R. Faridi</i>	195-216
2.	Fiscal and Monetary Policies in Islamic Economics: Contours of an Institutional Framework <i>By Sayyid Tahir, Islamic Economic Studies Vol. 21, No. 2, November, 2013 (1-22) 1</i>	217-232

<b>Chapter 5: Money and Monetary Policy</b>		<b>233-286</b>
1.	Monetary Policy in the Presence of Islamic Banking <i>By Mariam El Hamiani Khatat, IMF Working Paper, Monetary and Capital Markets Department, © 2016 International Monetary Fund WP/16/72 IMF 2016.</i>	233-272
2.	The Transmission Of Monetary Policy Through Conventional And Islamic Banks <i>By Sajjad Zaheer, Steven Ongena, and Sweder J.G. van Wijnbergen</i>	273-286

<b>Chapter 6: International Trade</b>		<b>287-322</b>
1.	Islamic Law and International Trade <i>By Bashar H. Malkawi, Global Professor of Practice in Law at University of Arizona, Published 2018, <a href="https://www.academia.edu/37873683/Islamic_Law_and_International_Trade">https://www.academia.edu/37873683/Islamic_Law_and_International_Trade</a></i>	289-310
2.	Economics Of Islamic Trade Financing Instruments <i>By Rosita Chong, Raihana Firdaus Seah Abdullah, Alex Anderson, And Hanudin Amin, International Review of Business Research Papers Vol.5 No. 1 January 2009 Pp. 230-241</i>	311-322

<b>Chapter 7: Macroeconomic Challenges and the Way Forward</b>		<b>323-390</b>
1.	Conceptualization of The Real Economy and Islamic Finance: Transformation Beyond The Asset-Link Rhetoric <i>By Mohammad O. Farooq &amp; Mohammad Selim</i>	325-336
2.	Remedy for Banking Crises: What Chicago and Islam Have in Common <i>By Valeriano F. Garcia, Vicente Fretes Cibils and Rodolfo Mino</i>	337-358
3.	Risk Sharing and Shared Prosperity in Islamic Finance <i>By Nabil Maghrebi &amp; Abbas Mirakhor</i>	359-390