
Book Review

Title : Macro Econ: A South Asian Perspective- An Innovative Approach to Learning and Teaching Principles of Macro Economics
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The book was first printed by Cengage Learning Private Ltd, 4 LTR Press, in US originally written by William A McEachern of University of Connecticut. In the Indian edition, the co-author is A. Indira, Loyola Institute of Management Administration, Chennai.

Main focus of the book is Macro economic analysis of an open economy though among four parts of the book, the first part is devoted for analyzing basic forces of Microeconomics. Other three parts of the book are mainly on macroeconomic theories focusing on long term Economic Fluctuations, factors enabling productivity and development, basic forces of Aggregate Demand and Supply determining the General Price Level, Macro Economic policies and related debate, inflation, International Trade and Finance.

Macro-economic Analysis starts from chapter five with a back ground analysis on how macro-economic forces operate in the economy. Descriptions of economic indicators for Business cycles over time have been analyzed mainly on the basis of US economy and this is justified as US economy has the highest degree of marketization. Authors have made brief mention of indicators of economic fluctuations though the reviewer feels that illustrations and more detail data analysis were needed as this is one major macroeconomic trend which impacts every one's life. Hence, students of Macroeconomics should have in-depth knowledge of this phenomenon. Indian readers

will be disappointed as not much has been written on trends of economic fluctuations of Indian economy. Chapter 6 deals with factors that are orienting economic environment such as industrial policies, promote productivity growth. Chapter 7 provides generalized conceptual framework on how to observe an economy. Authors do not touch modern issues of inflation such as insiders outsiders issues of wage and unemployment in Chapter 8. The analysis in this chapter is traditional which are available in any common text book on macroeconomics. Surprisingly, determination of aggregate price on the basis of aggregate expenditure and aggregate supply comes after analysis on inflation. Usually the concept of excess demand is used to explain inflation thus making a ground for monetary and fiscal polies to control inflation. Relationships between unemployment, aggregate expenditure, and supply as well as inflation and the choice an economy needs to make between inflation and unemployment have not been brought out clearly. Since this is not done in the context of inflation, it had to be taken up afterwards in chapter 17 and a both analyses looks inadequate. Chapters 9-12 are on usual macroeconomic analysis and fiscal and monetary policies.

Chapter 13 analyses issues related to budget-concepts, importance, different types of deficit financing , national debt and its implications. In this chapter, discussion on the public sector is too scanty. The book should have given how the public sector is being reformed to operate through market incentives.

Analyses on budget and public policies also as usual have not taken modern approach and issue on budgeting of an economy. National debt issues which are raking many European countries and bothering policy makers all over the world, have been discussed in a very limited way.

In Chapter 14, eighteen pages are used to explained historic aspect of money and financial system which are of no use for MBA students and this was complete waste. Rather modern development in the money market- for example, RBI's role as regulator of money supply through different modern monetary instruments should have been included here.

Analysis on money and banking in chapter 15 is far from adequate. When dealing with money supply, there is no mention of plastic money and how velocity of circulation of money has undergone changes due to use of plastic money. Explanation on the concepts of money is also not updated: how digital money has increased volume of transactions in the economy with least costs and helped growth of business in general and e-commerce particular. Intangibility of money has deregulated the money supply in the economy from the monetary authority. This aspect is missing in the book altogether. Similarly, there is no mention and analysis on core banking system which have been a real breakthrough in Indian banking system. Also the book has not dealt with the significant issue e.g. liberalization has brought changes in the ownership structure through public holding of shares of the Public sector Banks and their opportunity to raise capital from the market. There is no analysis in new role of Indian banks in the financial market offering different investment opportunity to the customer, its strategy of risk management and liquidity management. These are now essential part of modern banking sector.

In chapter 19, the part on the exchange rate policy is very scanty. We need to remember that in a Globalized economy, the exchange rate management and related policies are important and challenging. Students need to know the complexities of the issue.

Time series of US deficit spending is dealt with well along with taxation policy as well as political implications for the Govt. in power. I would have

preferred examples from Indian economy in this context alongside US economy. In short history of Indian economy, little more discussion on post liberalization process was needed.

Chapter 20, though more analytical than theoretical, gives comparison of economic disparity between developed and developing countries on the basis of various indicators e.g. their shares in world population, income, comparison of per capita income, health and nutrition in terms of child mortality rate, education, position of women. The chapter then analyses factors contributing to the growth of productivity and rightly highlights that education and level of technology are two enablers of productivity growth. Though role of privatization for economic development has also not clearly brought about. Yet the chapter looks to be other analysis.

Case studies are usually given on the practical functioning of concepts and theories explained in the main text and usually with the objectives of showing applicability and improving understanding of students. This book gives case studies on hypothetical example and sure enough, they can never be a case study.

Language is lucid, clear devoid of unnecessary jargons though some mistakes in English is noticed. Authors should have been careful about it.

Attempts are made to make the book attractive through colourful pictures all over. One positive point of the book is that, it contains key points discussed in each chapter. Exercises on economic policies are useful for the students.