

Thus, Islam designated the ownership as one of three types: **public, private or state.**

**1. Public ownership** means that the citizens, Muslim and non-Muslim, of the state, own the wealth. This includes the basic utilities without which the life of the community cannot be sustained. The Prophet Muhammad (peace be upon him) said, *“People share in three things: water, pastures and fire.”* The public ownership also includes things that by their nature cannot be individually owned, such as rivers, seas, streets, town squares and the like. Besides these, natural resources such as oil, minerals and metals are also publicly owned. The public ownership is administered by the state on behalf of the public. The state utilises the revenue from these items for running and providing the public with utilities such as water and gas, as well as facilities such as parks, highways and so on.

**2. Private ownership** is that which the individual earns through his own efforts or receives as a gift, charity, inheritance or any other means. The individual is free to deal with them as he pleases, within Islamic guidelines. Private property may belong to men, women or children, all with the same rights over it.

**3. State ownership** is that which belongs to the state and is necessary for the execution of its duties. This includes the military, the buildings that it occupies as its offices and the heavy industry that it uses to build the infrastructure of the society. In addition to ownership, Islam also defined the revenues and the expenditures of the state, such as the nature of taxes and the channels of distribution for wealth.

These kinds of ownership are defined by Islam and cannot be altered. Thus, public property cannot become state or private property, private property cannot be confiscated by the state as public property, and so on. Islam thus ensures that the rights of all individuals are protected and the society as a whole is conducive to earning one's provisions and living in security.



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# Economic System in Islam

INFORMATION GUIDE



## Islam distinguishes between two aspects of economics, the economic science and the economic system.

### Economic science

The science of economics deals with the means by which to produce goods, such as manufacturing techniques, increasing the gross national product and the development of new resources. In general, Islam does not interfere in the technical production of goods, nor does it view production as the source of the economic problem in the society.

### Economic system

The economic system of the religion, however, deals with the satisfaction of the basic needs of every individual in the society and stems directly from Islamic thought. The Islamic economic system deals with the following:

- 1 › The types and means of ownership
- 2 › The disposal of ownership
- 3 › The distribution of wealth

The policy of the economic system provides balance and opportunities in the society. Islam regulates the economic affairs in such a way so as to secure the complete satisfaction of all the basic needs of both the individual and the society. The basic needs of the individual are those which protect life and dignity, such as food, clothing and shelter. The basic needs for the society as a whole are security, education and health care. Anything beyond these basic needs is considered a luxury and the human being is free to pursue them within the confines of Islamic guidelines. In addition, Islam does not interfere in the technical aspect of production and encourages the human being to be as creative as possible.

### Ownership of wealth

Regarding the ownership of wealth and property, Islam regulates the means by which wealth is obtained in a manner that allows the individual to satisfy his needs while still preserving the sanctity of the society. Thus, Islam prohibits gambling, the sale of alcohol and intoxicants, and dealing in usury as a means of earning wealth because they lead to either degenerate social behaviour or economic injustice. Islam encourages competition and provides true opportunities by preventing the establishment of monopolies and other forms of economic exploitation.

Moreover, the system leaves open numerous other avenues such as the trade of merchandise,

the manufacturing of goods, service-oriented professions such as doctors, carpenters, teachers, etc. Islam obligates every able person to satisfy his needs as well as those for whom he is responsible, such as his children, parents and other dependents, through any one of these means.

### Disposal of ownership

The disposal of ownership is another key element of the economic system. Islam encourages the giving of charity, gifts, interest free loans and the like. It also prohibits the hoarding of money and spending it in the pursuit of unlawful things. Islam gives general guidelines for the contracts by which goods are exchanged and makes them suitable for all times and all situations. This allows citizens in an Islamic society to seek provision in an unhindered way and satisfy their needs without the concern of exploitation and corruption.

### Distribution of wealth

Islam allows the distinction of wealth through charity and the annual financial obligation of Zakat. For those who are unable to meet their needs financially, an Islamic system provides for them from its own wealth through the Zakat paid by its citizens. Therefore, Islam secures the rights and honour of each individual in society and does not consider the economic problem to be solved as long as there is even one individual whose basic needs are not met.

The distribution of wealth in society is a critical factor in determining the availability of resources for people to satisfy their needs.

