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ALLAMA IQBAL OPEN UNIVERSITY, ISLAMABAD

Course: Economic System of Islam (1913) • Level: BS

Semester: Autumn 2026

Assignment No. 1

SOLVED ASSIGNMENT GUIDE

(For Study & Reference)

Note: This guide is prepared for study and reference purposes. Students are advised to read the relevant units of the course book, understand the concepts, and then write the assignment in their own words. Total marks of the assignment are 100; each question carries the marks shown with it.

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Question 1: Morality and Economy in Islam (20 Marks)

Explain the relationship between morality and economy in Islam.

Introduction

In modern secular economics, the economy is usually treated as a morally neutral field. Questions of production, exchange, prices and profit are separated from questions of right and wrong, and the only test of an economic act is whether it is efficient or profitable. Islam takes the opposite view. In the Islamic worldview, economic life is one part of a single, unified way of life (din) in which worship, character, family, society and the market are all governed by the same revealed guidance. A Muslim does not leave his faith at the door of his shop, his office or his bank. Buying and selling, earning and spending, lending and borrowing are all acts for which he is answerable to Allah, and each of them has both a worldly result and a moral and spiritual result. The relationship between morality (akhlaq) and economy in Islam is therefore not an external addition to economics; it is built into the foundations of the Islamic economic system itself.

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This answer first explains the foundations that join morality and economy together, then shows how moral values regulate earning, exchange, consumption and distribution in practice, and finally notes the practical consequences of this union for society.

Foundations: Why Morality and Economy Cannot Be Separated in Islam

The first foundation is tawhid, the Oneness of Allah. Because Allah is the Creator, Owner and Sustainer of everything, all wealth ultimately belongs to Him: "To Allah belongs whatever is in the heavens and whatever is on the earth" (Qur'an 3:189). Man holds wealth not as an absolute owner but as a trustee and vicegerent (khalifah): "Believe in Allah and His Messenger and spend out of that in which He has made you trustees (mustakhlafin)" (Qur'an 57:7). A trustee must follow the instructions of the owner, so the way wealth is earned, held and spent is automatically a moral question.

The second foundation is accountability in the Hereafter (akhirah). Economic choices are not judged only by profit and loss in this world. The Prophet Muhammad (peace be upon him) said that on the Day of Judgement a person will be asked about his wealth: how he earned it and how he spent it (Tirmidhi). This belief turns every contract, every price and every wage into a matter of conscience. The third foundation is that the Shariah itself classifies economic acts as halal (lawful) and haram (unlawful). Interest (riba), gambling (maysir), fraud, bribery, hoarding and dealing in prohibited goods are not discouraged merely as bad manners; they are sins. Morality in Islamic economics is thus backed by law, by conscience and by faith at the same time.

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Moral Regulation of Earning and Exchange

Islam commands earning through lawful means and condemns earning through exploitation. The Qur'an orders: "O you who believe! Do not consume one another's wealth unjustly, but only in lawful trade by mutual consent" (4:29), and permits trade while forbidding riba (2:275). Mutual consent, honesty and transparency are moral conditions of a valid transaction. The Prophet (peace be upon him) said, "The truthful, honest merchant will be with the prophets, the truthful and the martyrs" (Tirmidhi), and he cursed the one who cheats, saying, "Whoever deceives us is not one of us" (Muslim). False oaths to sell goods, hiding defects, false weights and measures, and creating artificial shortages are all moral offences before they are market offences; the Qur'an pronounces woe upon those who give less in measure and weight (83:1–3).

Morality also governs the motives of the parties. The seller must not exploit the necessity of the buyer, the lender must not crush the borrower, and the employer must not use his stronger position to fix an unjust wage. The famous hadith qudsi in which Allah declares Himself the opponent, on the Day of Judgement, of the man who hires a worker, takes full work from him and does not pay him his wage (Bukhari) shows that a labour contract is a moral trust, not merely a commercial bargain.

Moral Regulation of Consumption and Distribution

On the side of consumption, Islam joins the economy to the virtues of moderation and gratitude and to the vices of extravagance and miserliness. The Qur'an commands: "Eat and drink, but do not waste by extravagance; indeed He does not like the extravagant" (7:31), and describes the servants of the Merciful as those who, when they spend, are neither extravagant

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nor miserly but hold a middle course (25:67). Consumption is therefore not a morally free act: waste (israf), showing off (riya) and consuming prohibited things are sins, while spending on family, guests, neighbours and the poor is worship.

On the side of distribution, moral duties are converted into enforceable rights. Zakat is not charity left to mood; it is the known right (haqq) of the poor in the wealth of the rich (Qur'an 70:24–25; 51:19). The purpose stated in the Qur'an is that wealth should not merely circulate among the rich (59:7). Beyond zakat, the moral virtues of generosity, lending without interest (qard hasan), feeding the hungry and freeing people from debt keep wealth moving through society and prevent the bitterness and class hatred that purely self-interested economies produce.

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Morality as an Internal Control in the Market

A distinctive feature of the Islamic system is that morality works as an internal, low-cost system of control. Secular economies depend heavily on inspectors, courts and regulators, and wherever supervision is absent, cheating becomes profitable. Islam adds the supervision of conscience: the believer knows that Allah sees him in the empty shop as in the crowded bazaar. The concepts of taqwa (God-consciousness), amanah (trust) and ihsan (excellence done as if one sees Allah) make the honest trader honest even when no customer or official is watching. This is why classical Muslim markets could function with a relatively small official apparatus, the muhtasib (market inspector) of the hisbah institution being a back-up to conscience, not a substitute for it.

At the same time, Islam does not rely on conscience alone. Moral rules are supported by the state through the prohibition of riba, the punishment of fraud and hoarding, the enforcement of contracts and the collection of zakat. Morality and law are partners: law sets the outer boundary, and morality fills the vast area inside it where law cannot reach.

Practical Consequences of the Union of Morality and Economy

- **Trust and lower transaction costs:** where honesty is a religious duty, trade expands because strangers can deal with one another with confidence.
- **Stability:** the prohibitions of riba, gambling and extreme uncertainty (gharar) restrain speculation and the boom-and-bust behaviour that destroys savings and jobs.
- **Social harmony:** because the poor have a recognised right in wealth, distribution is a duty and not a favour, which reduces resentment and crime.
- **Dignity of labour:** work done honestly is worship, so no lawful occupation is looked down upon and idleness is disapproved.
- **Long-term thinking:** accountability in the Hereafter lengthens the time horizon of the economic agent beyond immediate profit to lasting benefit (maslahah) for society.

Conclusion

To conclude, the relationship between morality and economy in Islam is one of complete integration. The economy is a branch of the moral life, founded on tawhid, trusteeship and accountability, and regulated at every stage — earning, exchanging, consuming, saving and distributing — by revealed moral law and by the inner discipline of taqwa. Islam neither suppresses economic activity in the name of morality, as ascetic systems do, nor frees it from morality, as secular capitalism tends to do. It directs economic energy through moral channels

so that prosperity in this world and success in the Hereafter are achieved together. A system in which the merchant's honesty, the employer's justice and the rich man's generosity are acts of worship is, for Islam, not an ideal decoration on economics but economics itself, properly understood.

Question 2: Lawful Earning in the Islamic Economic System (20 Marks)

Why is lawful earning considered essential in the Islamic economic system?

Introduction

Earning a livelihood is not a worldly activity that Islam merely tolerates; it is an activity that Islam commands, honours and surrounds with strict conditions. Among these conditions the most fundamental is that the earning must be lawful (halal): lawful in the thing earned, lawful in the method of earning, and lawful in the rights of others attached to it. The Qur'an orders believers to eat of the good and lawful things of the earth (2:168) and, after the Friday prayer, to disperse in the land and seek the bounty of Allah (62:10). The Prophet (peace be upon him) earned his own living as a shepherd and then as a trader, praised the income of a man from the work of his own hand, and declared that no one has ever eaten better food than that earned by his own labour (Bukhari). Yet alongside this encouragement stands an equally strong warning that unlawful earning destroys worship, character and society. This answer explains why lawful earning occupies this central, essential place in the Islamic economic system.

Lawful Earning Is a Religious Obligation and an Act of Worship

The first reason is that seeking lawful provision is itself a religious duty. A well-known hadith states: "Seeking lawful (halal) earning is an obligation after the (other) obligations" (Bayhaqi).

The head of a family who works lawfully to feed his dependents is rewarded like a worshipper; the Prophet (peace be upon him) told a man returning tired from work that if he had spent the day earning lawfully for his children or his aged parents, he had spent it in the path of Allah. Because man is Allah's trustee over wealth, he must acquire it only in the ways the real Owner has permitted. Earning through a prohibited route is therefore not cleverness but disobedience and breach of trust, whatever profit it brings.

Lawful earning is also essential because it is a condition for the acceptance of worship and supplication. The Prophet (peace be upon him) described a traveller, dusty and dishevelled, raising his hands in prayer while his food, drink and clothing are all unlawful, and asked how such a person's prayer could be answered (Muslim). He also warned that flesh nourished by unlawful income is more deserving of the Fire (Tirmidhi). In a system where the purpose of life is the pleasure of Allah, an income that blocks prayer and corrupts the soul cannot be a matter of indifference; insisting on halal earning protects the spiritual life of the whole society.

Lawful Earning Protects the Rights of Others

Almost every unlawful method of earning is, on examination, a way of taking the wealth or right of another person. The Qur'an forbids consuming wealth by false means (batil) and allows only trade by mutual consent (4:29). Riba transfers wealth from the needy borrower to the lender without real risk or service; bribery (rishwah) steals the right of the deserving person and corrupts decisions; fraud and short measure take the buyer's money without giving its value; gambling transfers wealth by chance without productive work; theft, embezzlement of public funds and manipulation of prices all feed one party at the unjust expense of others. If unlawful earning were accepted as normal, property rights — which Islam regards as sacred — would

lose all meaning, because no one's wealth would be safe from the stronger, the cleverer or the better connected.

Lawful earning, by contrast, ties income to real contribution. In Islam a person may earn through his labour, his capital exposed to genuine risk, his skill, or his lawful property. Income is the reward of a service rendered to society. This link between reward and contribution is the basis of economic justice: it encourages production, discourages parasitism, and ensures that the distribution of income broadly reflects usefulness rather than force or fraud.

Lawful Earning Preserves Social Peace and Economic Stability

A society in which unlawful earning flourishes soon fills with conflict. Unpaid wages, cheated customers, bribed officials and usurious debts create grievances that turn into disputes, crime and hatred between classes. Lawful earning is essential because it is the foundation of mutual trust, and trust is the invisible capital on which all markets run. When buyers trust weights, workers trust employers, depositors trust bankers and citizens trust officials, trade grows and enforcement costs fall. When they do not, every transaction needs guards and guarantees, and the poor, who cannot afford protection, suffer most.

Stability also requires that income be earned from real, productive activity rather than from speculation and exploitation. Earnings built on riba, hoarding of necessities and gambling are unstable: they concentrate wealth, inflate prices and collapse suddenly, harming thousands who took no part in them. The Islamic insistence that every income have a lawful, real basis — goods delivered, work performed, risk genuinely borne — anchors the economy in the real

world of production and need, which is why classical jurists insisted that profit is justified only where liability is borne (al-kharaj bi al-daman).

Main Unlawful Sources That Islam Excludes

- **Riba (interest and usury):** increase charged on a loan merely for time; condemned in the strongest terms in the Qur'an (2:275–279).
- **Bribery and corruption:** the Prophet (peace be upon him) cursed the one who gives a bribe and the one who takes it (Tirmidhi).
- **Fraud, deception and short measure:** cheating in quality, quantity or description; "Whoever deceives us is not one of us" (Muslim).
- Gambling (maysir) and earnings of pure chance without productive effort (Qur'an 5:90).
- Hoarding and monopoly of necessities (ihtikar) to force prices up; the hoarder is declared a sinner in hadith (Muslim).
- Trade in prohibited goods and services, theft, embezzlement, extortion and income from exploitation of the weak.

Positive Effects on the Individual and the Economy

For the individual, lawful earning produces a clear conscience, contentment (qana'ah) and blessing (barakah) in wealth. Islamic teaching repeatedly distinguishes between much wealth without blessing and modest wealth with blessing; the lawful earner may own less but enjoys security of heart, healthy family life and freedom from the fear of exposure and punishment. His lawful income also remains fully usable for the highest purposes: zakat and charity are accepted only from lawful wealth, for "Allah is Pure and accepts only what is pure" (Muslim). A man whose income is unlawful is thus cut off even from doing good with his money.

For the economy as a whole, universal insistence on lawful earning directs talent and capital into agriculture, industry, trade and services — the activities that produce food, clothing, housing and employment — instead of into usury, speculation and rackets that enrich a few while producing nothing. It also protects the state: officials who may earn only lawfully cannot sell decisions, so public money reaches public purposes. In short, lawful earning is the point at which Islamic morality, law and economics meet, and removing it would remove the system's justice, trust and spiritual purpose at a single stroke.

Conclusion

To conclude, lawful earning is essential in the Islamic economic system for religious, moral, legal and practical reasons together. It is a duty owed to Allah, a condition for accepted worship, the safeguard of other people's property rights, the link between income and real contribution, and the foundation of trust and stability in the market. Islam does not ask the believer to choose between prosperity and lawfulness; it teaches that true prosperity is only that which is lawfully earned, justly held and generously spent. That is why the sources of Islam praise the honest earner in the language of worship and warn the unlawful earner in the language of the Hereafter: in this system, the question "how did you earn?" is as important as the question "how much did you earn?"

Question 3: Rights and Duties of the Employer and Employee in Islam (20 Marks)

Discuss the rights and duties of the employer and employee in Islam.

Introduction

The relationship between employer and employee decides whether the workplace is a scene of cooperation or of conflict. Capitalist practice has often treated labour as a commodity to be bought as cheaply as possible, while purely collectivist systems have weakened individual incentive and the rights of the employer. Islam establishes a balanced, moral contract between the two parties. Their relationship is not that of master and servant, nor of enemies across a bargaining table, but of two partners in production bound by a contract (aqd) which is sacred, watched by Allah, and governed by justice (adl), kindness (ihsan) and brotherhood. The Qur'an and the practice of the Prophet (peace be upon him) lay down clear rights for the employee which become duties for the employer, and clear duties for the employee which become rights for the employer. This answer discusses both sides in turn and then summarises them in a table.

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The Basis of the Employment Relationship in Islam

Employment in Islamic law is a contract of hire (ijarah) in which the employee sells his lawful labour or skill for a known wage (ujrah) for a known period or task. Because it is a contract, its conditions must be clear before work begins: the nature of the work, the hours, and the wage must be specified so that neither party is deceived. The Qur'an illustrates this in the story of Musa (Moses), who was hired by the old man of Madyan for a fixed term and a fixed consideration, with the words: "That is settled between me and you; whichever of the two terms I complete, there shall be no injustice to me" (28:28). The same passage gives the employee's qualification in the daughter's words: "the best one you can hire is the strong and

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the trustworthy (al-qawiyy al-amin)" (28:26) — competence and honesty are the two pillars of the worker's character in Islam.

Above the contract stands brotherhood. The Prophet (peace be upon him) said of servants and workers: "They are your brothers whom Allah has placed under your hands; so feed them from what you eat, clothe them from what you wear, and do not burden them with work beyond their capacity; and if you do, help them" (Bukhari and Muslim). The employer therefore holds authority as a trust, not as ownership of a human being.

Rights of the Employee (Duties of the Employer)

- **A just and clearly agreed wage:** the wage must be fixed by mutual agreement before work starts, must be fair for the work and sufficient for a dignified life, and must not be depressed by exploiting the worker's helplessness.
- **Prompt payment:** the Prophet (peace be upon him) ordered, "Give the worker his wages before his sweat dries" (Ibn Majah). Delaying wages without excuse is a grave sin; Allah Himself declares He will be the opponent of the employer who takes full work and withholds the wage (Bukhari).
- **Work within capacity:** the employee may not be loaded beyond his strength, given dangerous work without protection, or denied rest. Overburdening must be shared or lightened by the employer.
- **Humane and respectful treatment:** no abuse, humiliation or discrimination. The worker's honour is protected like any other Muslim's, and harshness towards those under one's authority is condemned.

- **Rest, leave and security:** the worker is entitled to reasonable rest, weekly relaxation, sick care and safety at work; his family life and worship must be made possible, not crushed by endless hours.
- **Payment in full and in the agreed form:** no unjust deductions, no substitution of inferior goods for cash wages, and no compulsion to buy from the employer's shop.
- **Freedom and dignity after the contract:** the employee is a free person; when the agreed term ends he may leave, and within the term he is bound only by the agreed work, not by personal servitude.

Duties of the Employee (Rights of the Employer)

- **Honesty and trustworthiness (amanah):** the employee must guard the employer's property, tools, goods and secrets as a trust, and must not steal, waste or misuse them; misappropriation is a breach of faith as well as of contract.
- **Competent and conscientious work (ihsan and itqan):** the Prophet (peace be upon him) said, "Allah loves that when one of you does a work, he does it with excellence" (Tabarani). Shirking, carelessness and deliberately poor work while taking full wages make the wage itself unlawful to that extent.
- **Obedience in lawful matters:** the employee must carry out the agreed work and lawful instructions connected with it, observe working hours and discipline, and complete the task within the agreed time.
- **Loyalty and good counsel:** the worker should wish the enterprise well, warn the employer of harm he notices, and refrain from harming the business, inciting unjustified trouble or carrying its secrets to competitors.

- **Care of himself for the work:** he should maintain the health, skill and punctuality that the job requires, and keep improving his competence, since he was hired as "strong and trustworthy".

Summary Table: Rights and Duties at a Glance

Table 1: The employer–employee relationship in Islam

Aspect	Employer (owes the employee)	Employee (owes the employer)
Wage	Fix fairly in advance; pay fully and promptly	Accept the agreed wage; claim rights without disorder
Workload	Keep within capacity; provide help and safety	Perform the agreed work with excellence (itqan)
Treatment	Respect, brotherhood, no humiliation	Respect, obedience in lawful matters, good counsel
Property	Provide sound tools and safe conditions	Guard property and secrets as a trust (amanah)
Time	Allow rest, leave and time for worship	Observe hours; no absence or delay without excuse

Settlement of Disputes and the Role of the State

If a dispute arises, Islam requires it to be settled by the contract, by justice and, where needed, by arbitration or the court; neither party may take revenge by withholding what is due to the other. The state, through the hisbah and the judiciary, protects the weaker party — usually the

worker — against exploitation, while also protecting the employer against organised damage to his property. Trade unions and collective bargaining are not rejected in principle: workers may organise to claim their lawful rights, and employers may organise likewise, provided the methods used are themselves lawful — no violence, no breach of contract, and no harm to the public through stoppage of essential services without just cause. The aim throughout is not victory of one side over the other but restoration of the balance of justice on which cooperation depends.

Historical practice confirms these principles. The Prophet (peace be upon him) himself worked for Khadijah (may Allah be pleased with her) as her trading agent on agreed terms and was famed for honesty; as head of state in Madinah he fixed fair dealing in the market and himself declared the rights of workers. The caliph Umar supervised officials and employers strictly and held that those in authority are answerable for the weak under them. The classical jurists developed the law of ijarah in fine detail — specifying wages, hours for different trades, liability for damage, and compensation — centuries before modern labour legislation, and they did so by deriving rules from the same moral sources described above.

Conclusion

To conclude, Islam gives the employee a charter of rights — a fair wage fixed in advance, prompt and full payment, work within capacity, humane and brotherly treatment, rest and safety — and it places upon him corresponding duties of honesty, competence, excellence, obedience in lawful matters and loyalty. It gives the employer the right to sincere, skilled and trustworthy work and places upon him the duty of justice and kindness in return. Because both sides are bound by faith and conscience as well as by contract, the Islamic workplace is meant

to be a field of cooperation in which production increases without exploitation. Neither the humiliation of labour found in unregulated capitalism nor the suffocation of enterprise found in total collectivism is acceptable; the Islamic middle path protects the worker's dignity and the employer's rights together, under the eye of Allah and the law of the Shariah.

Question 4: Social Justice in Islamic Economics (20 Marks)

Explain the concept of social justice in Islamic economics.

Introduction

Social justice is not a side-branch of Islamic economics; it is one of its central purposes. The Qur'an declares that the messengers were sent with the Book and the Balance "so that mankind may stand forth in justice" (57:25), and commands: "Indeed, Allah commands justice (adl) and excellence (ihsan) and giving to near relatives, and He forbids indecency, wrong and transgression" (16:90). An economic order in which a few live in luxury while many cannot obtain food, clothing, shelter, education and medical care is, by Islamic standards, an unjust order even if its total production is high. Islamic economics therefore judges an economy not only by how much it produces but by how its wealth is acquired, how it circulates, and whether the basic needs and dignity of every member of society are secured. This answer explains the meaning of social justice in Islam, its foundations, the instruments by which Islamic economics implements it, and how it differs from both capitalist and socialist ideas of justice.

Meaning and Foundations of Social Justice in Islam

Social justice (al-adalah al-ijtima'iyyah) in Islam means that every person receives his due: due opportunity to earn, due protection of his property, due share in the resources Allah created

for all, and due relief when he cannot provide for himself. Its first foundation is the unity and equal dignity of mankind. All human beings are the children of Adam, and superiority rests only on God-consciousness (Qur'an 49:13); no class, race or family has a born right to monopolise wealth. Its second foundation is that the resources of the earth are Allah's bounty for mankind as a whole — "It is He who created for you all that is on the earth" (2:29) — so private property, though fully recognised, is a trusteeship carrying social obligations rather than an absolute dominion. Its third foundation is brotherhood (ukhuwwah): believers are one brotherhood (49:10), and a brotherhood in which one member starves while another wastes is a contradiction.

Justice in Islam also has a negative side: the removal of zulm (wrong and exploitation). Every institution that systematically takes from the weak and gives to the strong — interest that transfers wealth from the indebted poor to the rich lender, monopoly that taxes the whole public for one seller, feudal rent that leaves the cultivator with nothing, corruption that sells public rights — is an injustice to be abolished, not a market outcome to be accepted. Social justice is therefore both distributive and corrective: it shares wealth fairly and it dismantles the machinery of exploitation.

The Circulation of Wealth: The Central Economic Principle

The clearest economic statement of social justice in the Qur'an comes in the verse about public wealth (fay): it is assigned to Allah, the Messenger, near relatives, orphans, the needy and the stranded traveller, "so that it may not merely circulate between the rich among you" (59:7). Concentration is named as the very evil to be prevented. Wealth in Islam must keep moving — through wages, trade, zakat, charity, inheritance and public spending — so that every hand

receives something and no class is permanently excluded. Hoarded, frozen wealth is condemned in the strongest words: those who hoard gold and silver and do not spend them in the way of Allah are warned of a painful punishment (9:34–35).

From this principle flow several features of the Islamic distribution system. First, distribution is not left until after production, as an afterthought; it is built into production itself through fair wages, profit-sharing contracts such as mudarabah and musharakah, and the prohibition of guaranteed interest, so that capital cannot claim a fixed return while labour and enterprise bear all the loss. Second, primary distribution is corrected by compulsory redistribution — zakat and the other dues — and third, it is softened further by voluntary charity (sadaqah) and endowments (awqaf) which historically financed schools, hospitals, wells, roads and hostels across the Muslim world.

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Instruments of Social Justice in Islamic Economics

- **Zakat:** a compulsory annual levy (normally 2.5 per cent) on qualifying wealth above the nisab, paid to the categories fixed in the Qur'an (9:60) — the poor, the needy, debtors, stranded travellers and others — transferring purchasing power from surplus holders to those in need.
- **Prohibition of riba:** prevents the systematic transfer of wealth from borrowers to lenders and stops money from earning money without work, risk or service.
- **Inheritance law (mirath):** the estate of the deceased is divided by fixed shares among a wide circle of relatives, male and female, so that wealth is fragmented and spread in every generation instead of accumulating in one heir.

- **Prohibition of monopoly, hoarding and fraud:** keeps prices honest and necessities within everyone's reach.
- **Sadaqah, qard hasan and awqaf:** voluntary giving, interest-free loans and charitable endowments finance welfare, education and relief beyond the reach of the state.
- **Bayt al-Mal (public treasury):** guarantees the basic needs of those who have no provider; the state is responsible that no one in its care sleeps hungry.
- **Fair wages and workers' rights:** justice in wide production, so that those who create wealth share in it.

Equality of Opportunity, Not Forced Equality of Outcome

Islamic social justice must be carefully distinguished from the idea that all incomes must be made equal. Islam recognises natural differences of ability, effort and fortune, and accepts the resulting differences of income: "We have apportioned among them their livelihood in the life of this world and raised some of them above others in degrees, so that some may employ others in service" (43:32). What Islam demands is equality before the law, equality of opportunity, and a guaranteed floor below which no one is allowed to fall. Every person must have a real chance to learn, to work, to own and to rise; no door may be closed by birth, bribery or monopoly; and the one who still cannot earn — the orphan, the widow, the disabled, the unemployed — is carried by the zakat system, the family, the endowments and the state.

This middle position separates Islamic justice from its two modern rivals. Capitalism in its unregulated form secures opportunity in theory but tolerates extreme concentration and destitution in practice. Socialism in its total form pursues equal outcomes but destroys private property, incentive and freedom, and historically produced neither prosperity nor real equality.

Islam protects property and incentive while binding them with duties: the rich man keeps his wealth but cannot refuse its dues, cannot earn it by exploitation, and cannot spend it in arrogance while his neighbour starves.

The State's and Society's Shared Responsibility

Social justice in Islam is not the task of the state alone. It operates at four levels: the individual conscience that gives voluntarily; the family that supports its weak members as a religious duty; the community through mosques, charities and awqaf; and the state, which collects zakat, runs the Bayt al-Mal, enforces the prohibitions of exploitation and guarantees basic needs as a last resort. The Prophet (peace be upon him) laid the ruler's duty down in one sentence: "The imam is a shepherd, and he is responsible for his flock" (Bukhari and Muslim). The caliph Umar, during the year of famine, suspended personal comfort, organised relief from the treasury, and wrote that if a mule stumbled in Iraq he feared Allah would ask him why he had not repaired the road — a striking picture of how far Islamic social responsibility reaches.

Conclusion

To conclude, social justice in Islamic economics is the divinely commanded order in which wealth circulates through the whole society, exploitation is abolished, opportunity is open to all, and the basic needs and dignity of every person are guaranteed. It rests on the equal dignity of mankind, the trusteeship of wealth and the brotherhood of society, and it works through fair primary distribution, the prohibitions of riba and monopoly, zakat, inheritance, charity, endowments and the welfare duty of the state. It promises neither the jungle of unrestricted capitalism nor the prison of forced equality, but a balanced community in which prosperity is widely shared and no human being is left without provision or honour. For Islamic economics,

an economy that fails this test of justice has failed altogether, however impressive its statistics of growth may appear.

Question 5: Conditions Attached to Private Ownership in Islam (20 Marks)

What conditions are attached to private ownership in Islam?

Introduction

Islam recognises and protects private ownership. The Qur'an speaks of "your wealth" and "your property", allows trade and inheritance, fixes penalties for theft, and the Prophet (peace be upon him) declared in his Farewell Sermon that the life and property of every Muslim are sacred. A person may own land, houses, goods, animals, money and shares; he may use them, sell them, gift them and pass them to his heirs. But Islamic ownership is not the absolute, unlimited dominion of Roman law, in which the owner may use or abuse his property as he pleases. Because the real and absolute Owner of everything is Allah, human ownership is a trusteeship (istikhluf) granted for a purpose and surrounded by conditions — conditions on how wealth may be acquired, on how it may be used, on the rights of others within it, and on its transfer. These conditions are what distinguish the Islamic institution of property from both the capitalist and the socialist alternatives. This answer states the basis of ownership in Islam and then explains each condition in turn.

The Basis: Allah's Ownership and Man's Trusteeship

The Qur'an repeats that the kingdom of the heavens and the earth belongs to Allah (3:189; 57:2), and it addresses believers as trustees over the wealth in their hands (57:7) and as vicegerents on earth (6:165). Two results follow. First, man's ownership is real but delegated:

he is answerable for it, as a trustee is answerable to the owner who appointed him. Second, the conditions attached to ownership are not interference by society in something purely private; they are the terms of the trust itself, laid down by the true Owner before any human legislature existed. Observing them is worship, and breaking them is both a sin and a legal wrong. With this basis understood, the conditions themselves can be listed in an orderly way.

Condition One: Wealth Must Be Acquired by Lawful Means

The first and most basic condition is that property is recognised only when it is acquired lawfully. Wealth obtained through riba, theft, bribery, fraud, gambling, extortion, embezzlement, monopoly manipulation or trade in prohibited goods does not create a valid moral ownership, however firmly the possessor holds it; it must be returned to its owners or, where that is impossible, removed from one's possession for public benefit without intention of reward. The Qur'an confines legitimate transfer to "trade by mutual consent" and honest work (4:29). This condition protects the whole system of property: rights are honoured precisely because they arise only from clean sources, and no length of possession sanctifies an origin in injustice.

Condition Two: The Rights of Others in One's Wealth Must Be Paid

Private wealth in Islam is never wholly private. Within it lie fixed rights of other people which the owner must discharge before he treats the remainder as his own. The chief of these is zakat, the compulsory share of the poor; the Qur'an describes the righteous as those "in whose wealth there is a known right for the beggar and the deprived" (70:24–25). Beyond zakat stand the maintenance of dependent relatives, the dues of neighbours and guests, expiations, and, in times of public emergency, the duty laid down by jurists that surplus wealth must feed the

hungry even beyond the normal rates. An owner who refuses these dues is, in the Qur'an's judgement, withholding what is not his; Abu Bakr, the first caliph, treated refusal of zakat as rebellion for exactly this reason.

Condition Three: Wealth Must Be Used Without Harm, Waste or Arrogance

Ownership gives the right of use, but the use itself is conditioned. (i) No harm (la darar): the owner may not use his property to injure others — the factory owner may not poison the river, the landlord may not create a nuisance, the landowner may not block the public path or water. The legal maxim "harm must be removed" limits every title deed. (ii) No extravagance or waste (israf and tabdhir): "Do not waste; indeed, the wasteful are brothers of the devils" (17:27). Wealth destroyed in show and luxury while society lacks necessities is a betrayal of the trust. (iii) No hoarding (kanz and ihtikar): wealth must circulate and necessities must not be withheld from the market to force prices up. (iv) No arrogance: Qarun, the Qur'an's model of the corrupt rich man, was destroyed not for owning treasure but for claiming it was his alone by his own knowledge and for exulting over others (28:76–82). Property must produce humility and service, not pride and contempt.

Further Conditions: Development, Transfer and Public Interest

- **Duty to develop and employ wealth:** leaving productive assets idle is disapproved. Land left uncultivated for three years could, in classical law, be reassigned to one who would revive it; capital should be invested in real production rather than frozen or lent at interest.
- **Lawful transfer only:** sale, gift and bequest must follow the Shariah — a bequest is limited to one-third of the estate and cannot disinherit fixed heirs; the rest passes by the compulsory shares of inheritance, which also prevent permanent concentration.

- **Public interest prevails in true conflict (maslahah):** the state may regulate prices in emergencies, prevent harmful monopolies, and acquire property for genuine public needs — but only for real necessity and with fair compensation, for private property remains protected in principle.
- **Certain things cannot be privately monopolised:** the Prophet (peace be upon him) said, "People are partners in three: water, pasture and fire" (Abu Dawud) — natural essentials and public resources are subject to special rules of shared access.
- **Accountability in the Hereafter:** the owner will be asked how he earned and how he spent (Tirmidhi); this final condition enforces all the others in the conscience of the believer.

Why These Conditions Matter

Taken together, the conditions achieve what neither extreme system achieves. Against socialism, they preserve the individual's title, incentive and freedom to earn, own and bequeath, which human nature requires and which Islamic law protects with severe penalties against violation. Against unrestricted capitalism, they deny that ownership is a licence for exploitation: the title is valid only if its source is clean, its dues are paid, its use is harmless and moderate, and its holder remembers that he is a trustee who will render account. The result is property with a social function — an institution that rewards effort, spreads through inheritance and zakat, finances welfare through its attached dues, and remains answerable to morality at every step.

Conclusion

To conclude, private ownership in Islam is a recognised, protected but conditional right. Allah is the absolute Owner and man His trustee, so wealth must be acquired lawfully, cleared of the

rights of the poor and of dependants, used without harm, waste, hoarding or arrogance, developed productively, transferred according to the Shariah, and held subject to genuine public interest and to final accountability before Allah. These conditions do not weaken ownership; they purify and stabilise it, because property whose origin is just and whose duties are fulfilled is property that society respects and that its owner enjoys with a clear conscience. In the Islamic economic system, the question is never merely whether a thing is "mine", but whether I hold it as Allah, its true Owner, commanded me to hold it.

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